# FINANCIA **EUROPE'S BUSINESS NEWSPAPER**

Viscount Davignon, Europe's man of steel. Page 16

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Monday November 8 1982

# NEWS SUMMARY

#### GENERAL

# Iran in further advance into Iraq

Renewed Iranian attacks against 

WORLD Airlines, which expect Iraqi forces have won a significant 1982 losses to reach \$1.87bn, includvictory, say Western correspon-dents visiting the Gull war front

The Iraqi news agency confirmed that the new thrusts had penetrated three miles (5 km) into Iraqi territory near the city of Amarah. The Iranians claim to have killed

or wounded 4,000 Iragis and taken more than 1,500 prisoners. Yesterday Iran said it shot down three Iraqi jets, and Iraq claimed to have destroyed one Iranian aircraft. Page 2

#### Spadolini problems

Italian Premier Giovanni Spadolini returns to Rome from the U.S. to-day to find divisions in his second live-party coalition, which has been in office three months. Page 3

#### Upper Volta coup

The Upper Volta Government headed by Colonel Saye Zerbo was coppled in a pre-dawn coup by a group of non-commissioned offiters. Zerbo took power in a blood-less coup in November 1980. Page 4

#### FT man held

Financial Times correspondent Rick Wells is believed to be detained by security police in Somalia, which he is visiting as a guest of the Government. He has not been seen since being summoned to security headquarters on Saturday.

#### Brezhnev message

Soviet President Leonid Breshnev deal a "crushing retaliatory strike" to any aggressor. Editorial com-

#### Phalangist go-ahead

Israeli Chief of Staff General Rafael Eitan ordered Phalangist forces to resume their operations in Palestinian refugee camps in Beirut after local commanders had halted them, it was revealed in the Israeli inquiry into the massacres. Page 18 Yesterday a Palestinian was killed and four wounded in an unsuccessful attack on an Israeli army

#### Carrillo resigns

Santiago Carrillo, 67, leader of the Spanish Communist Party for more than 20 years, resigned after an inquest into its poor showing in the October 28 elections. Page 3

#### Aeroflot hijacking

Three armed Russians of German descent hijacked a Soviet Aeroflot airliner over Odessa and forced it to fly to the Turkish Black Sea port of Surop, where they surrendered and asked for political asylum.

#### Adventurers rescued

Thirteen Britons and a dog, who left Falmouth last Tuesday on a round-the-world cruise, were rescued from their sinking yacht off north-west Spain by a Soviet cargo

#### **Emigration penalty**

Romanians seeking to emigrate to the West will have to reimburse, in hard currency, the cost of their educatten and training, according to a new decree. Page 3

#### Doctors sick

More than 50 doctors and staff were treated for food poisoning in the Policlinica Umberto, one of Rome's biggest hospitals, after eating meatballs and pasta in the hospital can-

#### Briefly . . .

Motor racing: Alain Prost (France, Prix in Melbourne.

South Australia: Labor Party captured control from the Liberals in state elections. Page 2

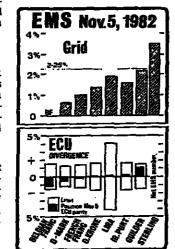
#### BUSINESS

# **Airline** losses of \$2.1bn forecast

ing interest payments, forecast losses of \$2.1bn in 1983. Page 18 • G. HEILEMAN, the fourth-largest brewer in the U.S., is to offer up to \$150m for control of Pabst, the country's fifth-largest brewer. In June the Justice Department blocked a Heileman bid for Pabst.

• BRITISH BANKS are believed to be close to agreement with Arg-entina on some \$440m of unpaid debt. Page 19

• THE DUTCH central bank discent did not surprise the foreign ex



change market on Friday, and the guilder remained firm at the top of the European Monetary System.

There were no signs of strain within the system, although the Belgian franc continued to weaken and the French franc was slightly

All major European currencies were weak against the dollar, with the lira and French franc touching record lows, and the D-Mark falling to its lowest level for six years.

on European Monetary System ex-change rates. The upper grid, based on the weakest currency in the syson the weakest currency in the sys-tem, defines the cross rates from which no currency (except the lina) may move more than 2½ per cent. The lower chart gives cach curren-cy's divergence from its "central rate" against the European Curren-cy Unit (ECU), itself a basket of Eu-ropean currencies.

**● WEST GERMAN Finance Minis**ter Gerhard Stoltenberg said the Government would reduce taxes by up to DM 4bn (\$1.55bn) a year from

SAUDI ARABIA is to build three new base-stock oil refineries with a total annual capacity of nearly 7.5m

6 BOLIVIA has set a fixed exchange rate of 200 pesos to the U.S. dollar, prohibited imports of non-essential goods, and has raised wages and prices for fuel, transport, and basic food items. It will seek renegotiation of \$3.8bn foreign

• TURKEY's economic progress but also IMF concern over rapid monetary expansion, are highlighted in today's Statistical Trends feature. Page 5

● AIRBUS INDUSTRIE is contest ing Thai Airways' cancellation of orders for two aircraft, and is holding a deposit of \$3.5m. Page 4

 BRAVO, the world's biggest oil production platform, which cost 51.9bn, has been brought on stream in the UK-Norwegian Statifiord Field. It is due to handle 180,000 barrels a day by early 1984. Page 9

• BRITISH GAS is to freeze the contract price of gas sold to indusanother nine months, Page 18

Renault) won the Australian Grand • U.K. GOVERNMENT is likely to cut intervention in the British film industry, probably reducing the box office levy used to support film-

# Paris plans more measures to stem flow of imports

BY DAVID HOUSEGO IN PARIS

The French Government, which is under attack from the European Commission in Brussels for recent moves aimed at slowing down the flow of imports into France, is planning new measures to limit the size of the trade

French officials here say they are considering measures to put a stop to unfair trading practices, such as diverting goods through third marment is strongly critical of the failment is strongly critical of the lad-ure of the Commission so far to act on its proposals made last autumn for joint Community action against disruptive surges of imports from low-cost producers, particularly in

the Far East. New measures would also be taken under existing French regula-tions "to protect the consumer and the French language." These were the justification for recent measures now likely to be challenged in the European Court requiring customs documents to be in French. Officials say that technical instructions explaining how to use equip-ment also need to be in French to

Officials say that the new regulations requiring goods sold in France

lenged by the Commission - will be formally issued within 15 days. Far from being defensive about the measures - aimed at improving for Consumption, said at the end of kets to escape import formalities, or the competitiveness of French in last week that "very severe mea-counterfeiting. The French Govern-dustry and exports - officials main-sures" would be taken against other tain they are legal and in no way Japanese products apart from video protectionist. But to strengthen its armoury against international accuracy against international accuracy against international accuracy. sations on this score the Govern-

studies on import curbs used by its

trading partners. A three-page document on "pro tectionist practices in Britain" lists amongst other offences: the limited number of customs posts in Britain, country-of-origin labels on certain textiles, shoes and household electrical goods at the retail stage, and privileged links between British suppliers and public purchasers.

Officials have also prepared background papers on import restric-

tions amongst different Community members and on "the American neo-protectionist arsenal. In line with this more aggressive,

to bear country of origin labels - commercial policy - which emerged following the publication of Sep-

tember trade figures pointing to a FFr 100bn (\$14bn) deficit for 1982 -Mme Catherine Lalunière, Minister

M Michel Jobert, the French Trade Minister, recently urged the Commission in strong language to ment has commissioned internal negotiate with Japan for voluntary restraint agreements on television tubes and numerically controlled machine tools. The implication was that France would take unilateral action if the Commission did not act. An important aspect of current French policy is to push the Community into tougher joint action

Also at the weekend, newspa here reported that the French intelligence services had been told by the Government to purchase French computers instead of foreign ones.

Continued on Page 18

# Britain to cut employers' social security payments

BY MAX WILKINSON IN LONDON

will today announce a "compromise" cut of 1 percentage point in
the employers' National Insurance
surcharge for social security.

His announcement will be made
against a background of members.

against a background of mounting anxiety among ministers at pros pects for the recovery of the UK economy. The cut, which includes the tem-

porary % percentage point reduction from August to next March, will bring the surcharge to 1% per cent of the payroll. It will reduce industry's costs by about £700m (\$1.2bn) next year. But it falls far short of what industry itself has been asking for and what some of the Chancellor's advisers would

Instead, Sir Geoffrey will try to

concentrate attention on the prom-ise of better things to come in his budget next March, almost certainly his last before the general elec-For the first time, the Chancellor's autumn statement on public

spending plans and economic prospects will include an estimate of his room for manoeuvre for any tax giveaway in the budget. This is likely to show the possibil-

ity of a "fiscal adjustment" of £2bn to £3bn in March based on a contin-Sir Geoffrey has resisted calls for vation of this year's trends. This immediate tax cuts aimed to put will go some way towards appeasome bounce back into the economy sing those members of Parliament this year. He will disappoint some who would like a "green" budget to colleagues by not announcing a ma- be announced in November, which

follows a % point cut in March, will be effective from next spring. It rep resents a compromise betwee those, including the Confederation of British Industry, the employers body, which wanted a complete abo lition of the surcharge, and those including some backbench Con servatives, who wanted the Chan-cellor to retain maximum flexibility for personal tax cuts in the spring. Personal tax cuts would probabl earn the Government most popular ity and would have the most imme diate effect in increasing demand in the economy. Against this, Treasu-

Continued on Page 18 British Gas freezes price to

# certain to back generals INITIAL RESULTS in the Turkish referendum yesterday indi-cated that the vote would be overwhelmingly in favour of the new constitution written by the

Turkisir

voters look

ruling generals. With 15 per cent of votes

drawn from across the country so far counted, the ballot was 91.7 per cent for the constitution. Political observers in Ankara did not expect this ratio to change dramatically.

The vote in selected districts of main cities like Ankara and Istanbul, where the pre-referendum opposition to the constitution seemed to be most vehement, was 70 per cent in fa-

In the countryside, where 60 per cent of the population of 45m live – and where the fate of the referendum will be decided – the vote was more than 90 per cent.

The country has been under martial law since September 1980 when the military seized power against a background of rampant political terror and severe economic problems.

General Kenan Evren, the head of state since the bloodless coup and chief of stalf, will become president for seven years and enjoy widespread powers backed up by his colleagues in the ruling National Security Council, who will now form a "presidential

Until general elections are held – at latest in the spring of 1984 – the army will continue to run the country, wielding all legislative and executive power through the National Security

The generals' constitution es-tablishes an authoritarian presi-dential system, under which ba-sic rights and freedoms are curtailed and the civilian cabinet the background.

The generals dissolved all political parties and proposed un-der the new constitution that ne 190 political leaders — including ex-premiers Suleyman Demirel and Bulent Ecevit - be banned from politics for 10 years. The military did not allow oth-

Statistical trends, Page 5

er candidates to make a bid for

the presidency and campaigning against the constitution was not

# Central banks seek means of early warning

BY STEWART FLEMING IN FRANKFURT

CENTRAL bankers are examining mercial banks and themselves to of date, was an inadequate basis on try to have an earlier warning of strains in the world's financial markets.

which to judge the severity of an emerging problem.

"Information which is six or sev-

D 8523 B

the central bankers' bank in Basle. He said one of the difficulties facing the central banks was that there was no international organisation of commercial banks with

which they could deal. In this context, he welcomed the spirit behind the recent announcement in New York that major international banks were seeking to set up a centre for the exchange of information between the banks about the financial situation of deeply in-

lebted developing countries. In an interview with the Finan-cial Times Dr Leutwiler pointed out that he would like not only more information about country debtors but also better information about how the financial markets were assessing individual banks and different financial centres. "We would gain information which we do not get from statistics," he said, "and the banks too would benefit in ex-

One of the aspects of the finan-cial crisis in Mexico which had IMF I do not see the possibility for cantral hank involvement." deeply disturbed both private and central bank involvement." commercial bankers was the speed with which it surfaced.

One lesson that had been drawn how they can improve the flow of from this was that statistical data, information between leading combecause it could quickly become out

This was announced by Dr Fritz en months old is good for the histo-Leutwiler, president of the Bank for rian but it's no good for me," Dr International Settlements (BIS), Leutwiler said. "Central banks need

more information from the front Commenting on the role which the BIS has taken in lending emer-gency funds to both Mexico and Hungary this year, Dr Leutwiler

said that to keep the international banking system healthy the first line of defence is to keep the countries afloat." He stressed that he saw the BIS as a "first aid" post for countries in difficulty. "It is not my intention to make the BIS a lender of last re-sort," he said. "The International Monetary Fund (IMF) should oc-

cupy that role." The BIS lent \$1.85bn to Mexico because there was nobody else to do it." Dr Leutwiler emphasised that BIS facilities were short term - \*12 months is on the high side." They were provided, he said, "only in with the IMF. This is absolutely essential. It is a prerequisite for a BIS credit. Without agreement with the

International capital markets,

# Mexico urged to form Opec links

BY WILLIAM CHISLETT IN MEXICO CITY

THE NEW Government of Mexico, ment on Mexico's future oil policy, present uncertain oil market.

Mexico is not a member of Opec exporter."
and has always zealously guarded The doc its autonomous oil policy, mainly for political reasons. The outgoing government of President Jose Lopez Portillo rejected a formal invitation in May to attend Opec meet-

ings with observer status.

The President-elect, Sr Miguel de la Madrid, who will take office on December 1, is now being advised to seek links with Onec.

the world's fourth largest oil pro-ducer is likely to seek some kind of perts advising Sr de la Madrid, relationship with the Organisation Mexico should "leave open the posof Petroleum Exporting Countries sibility of joining Opec and end its (Opec) in order to try to maintain unilateral policy of isolation, which its price levels and stabilise the is incompatible with its position as an important world producer and

> The document does not spell out whether Mexico should be a full member of Opec or have observer status. One of the authors of the docu-

ment said the second option was the most likely. But, he said, Mexico could try to establish some kind of special ties with individual mem-

Continued on Page 18

REX-MONEY MARKETS FOREX-MONEY MARKETS FOREX-MONEY MARKET

According to a confidential docu-

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# UK must use reflation to end recession warns study group

BY OUR ECONOMICS CORRESPONDENT

THE BRITISH Government must for next year will depend upon the that it has no effective choice bethe March budget if the UK econo- measures.

perts today.

The London Business Schools Centre for Economics Forecasting which has generally supported the Government's monetary policies, has become considerably more gloomy about the prospects for eco-nomic revival since its last forecast

Then it thought UK output would increase by an average of about 21/2 per cent per year during the next two years. But it has now revised its forecast downwards to only 2 per

This is the latest of a series of progressively more pessimistic forecasts for output which the centre has issued since 1979, when it was expecting growth of 3 per cent

take some reflationary measures in Government taking reflationary tween policies for reducing inflation my is to pull itself out of recession
next year, according to a study published by team of economics extary policy in 1981 and the involutary tightening of fiscal policy after

the Civil Service dispute contrib-uted to the slowing down of economic activity this summer. It says the policies adopted by the major governments will be "critical-ly important" to the growth pros-pects for the world economy for

In the UK it assumes the Chancellor will be able to cut the standard rate of income tax by 2p to 28p in the pound as well as consolidating the employers' National Insurance surcharge at 2 per cent.

It believes these cuts could be financed by higher than expected oil revenues and would be within the broad outlines of the Government's financial strategy. The study hints that concessions

and policies for cutting unemployment it states.

If the Government was prepared to expect a somewhat higher infla-tion rate more jobs could be provided in the shorter term, the report says. But it admits that over a longer time scale lower inflation does have an important effect in improv ing employment prospects.

The centre remains cautious in its forecast for the inflation rate, which it believes will fall to an annual average of 6.8 per cent next year before rising to nearly 10 per cent in 1986.

It has also become more pess mistic about the prospects for unemployment. It is now forecasting that adult unemployment will rise to 3.2m next year from 2.9m this year and will stay at 3.2m until the end of 1985. And it believes that even in 1986 unemployment will be higher than this year.

Details, Page 8

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In today's forecast the centre might go further than this. The

warns that even 2 per cent growth Government is wrong to suggest

Editorial comment: Falkland Isles; Soviet Union..... 16 South Africa: Botha gets his Lex: Institutions raise their profile...... 18 West Germany: divisions in Management: Olivetti on venture capital spree .... 14 Australia: Statistical trends ...... 5 Survey ...... Section III

#### Bolivia to seek debt rescheduling

BOLIVIA'S month-old civilian government has issued its first economic package, establishing a fixed exchange rate of 200 pesos to the U.S. dollar, prohibiting all imports of non-essential goods and raising wages and prices for fuel, transport and basic food items.

deliver at least a portion of the payments due in September and October. Bolivia is thought to be able to meet its foreign debt obligations once Argentina resumes its payments for Bolivian natural gas, which

April this year.

The country's powerful labour federation, the Central Obrero Bolivian (COB), has vociferously opposed economic austerity measures aimed at placating Bolivia's foreign creditors. Sr Oscar Sanjines, president of the COB, said that some of the new economic measures were positive but criticised the 30 per cent increase in the minimum wage

as insufficient. Domestic electricity prices are to be increased by 150 per cent, petrol about 300 per cent, and air, rail and bus fares from 65 to 150 per cent.

Jimmy Burns reports on the mood of post-war realism in Buenos Aires

# Argentines take their UN win calmly

ARGENTINE popular reaction ARGENTINE popular reaction to the results to Thursday's Falklands vote at the UN has been notable for its tameness. There was no flag-waving in the streets, no mass gatherings in May Square. Even the state-May Square. Even the state-owned television service recor-ded the news with surprising objectivity. All a very different scene to some six months ago. Then, the 90-12 vote in favour

sport and basic food items.

In a speech before Congress, President Hernan Siles Zuazo announced that Bolivia would seek a further renegotiation of its \$3.85n foreign debt.

Bolivia has missed two payments, totalling more than \$50m, to a group of foreign commercial banks. The payments were part of an agreement to reschedule about \$450m in debts from April last year until March 1983.

Foreign banking sources in super to reschedule about \$450m in debts from April last year until March 1983.

Foreign banking sources in La Paz report that Bolivia did deliver at least a parties of the super super super the super super the super super the super s

The diplomatic correspondent of the mass circulation newspaper Clarin, for instance, noted the comments made by British Foreign Office officials that Britain had not for one minute regarded the UN resolution as binding. Moreover, he pointed out the widely held view—shared privately by both British and Argentine diplomats alike—that negotiations on the future of the islands would become a probability only if and when Argentina's current miliwhen Argentina's current mili-tary rulers handed power over to a democratically elected civilian government.

Argentine diplomats also believe that any serious pro-gress in talks with Britain must await the political demise of Mrs Thatcher.

Some local commentators

international attention given to it, proved that the Malvinas cause had not been forgotten simply because Argentina had been militarily defeated. Emotions were further stirred by the coverage given to a core the coverage given to a cere-mony held in one of the country's major military

6 The armed forces are today slowly being identified as the main culprits of the worst political and economic crisis in the nation's history 🤊

barracks in honour of the fallen, and the implicit suggestion that hundreds of conscripts had not

But other commentators noted that, for all the diplomatic coming and going, Britain and Argentina were back to the stage they were at in 1965 when UN resolution 2065 urged both sides to initiate talks on the fittens of the inland. future of the islands. The clear implication of such a view is that the Falklands war was little else than a terrible waste of

Few Argentins, however, considered that fact that some British officials might view even such a "deja vue" as a major under estimation of British domestic feeling in the after-math of the war.

The lunatic fringe within the Argentine armed forces would no doubt like to use the results at the UN to pursue the kind of military brinkmanship that led to the invasion of the Falk-lands on April 2. British reluc-

tary officers, including the present rulers, are however dis-suaded from such action by a more sober assessment of the international and domestic context in which the Falklands issue is now being tackled. The resolution does not commit Argentina to a formal cessation of hostilities. However, it is generally recognised in Buenos Aires that Argentina would be hard-pressed to find international support for a fresh military adventure.

Latin American countries for a start would be extremely unmore sober assessment of the

a start would be extremely un-likely to extend their solidarity

that far, and an alliance with the Soviet Union would be resisted by many conservative military officers.

Behind the scenes, all three branches of the armed forces are reliably reported to be bent on a major re-equipment pro-gramme to replace what was lost during the war with Britain. In what one western diplomat cal-led the "Buenos Aires arms bazaar," arms traders from all over the world have been queuing up to interest Argen-tine military officers in their

Local strategists argue that Argentine fighting capability must be brought up to scratch so as to pose a constant threat to the British presence on the islands—and by implication to speed up negotiations.
Another incentive is the ever-

present fear that neighbouring Chile might take advantage of Chile might take advantage of But the collective sense of Argentina's post-war military bitterness and disillusionment weakness to cross the border has reached new depths in the and settle its territorial claims aftermath of defeat. argued that the approval of tance to negotiate in open and settle its territoria Argentina's motion, and the defiance of the wishes of the in the Beagle Channel.

is nothing if not irrational at times, and no one here can pre-dict with any certainty that the lunatic fringe might not at some future date take hold of decision-making again. The temptation to harass British forces on the islands if nothing

6 Some think that for all the diplomatic coming and going, Britain and Argentina are back to the stage they were at in 1965 ?

else will grow with the approach of symbolic dates like the 150th anniversary of the first British occupation of the islands in

January.

In the meantime, the overriding consideration for the
bulk of Argentine military
officers—and indeed of the great majority of Argentines—is less the Falkland issue than the political and social pressures building up around the military regime.

The armed forces, which on April 2 were temporarily excused as the "courageous defenders" of Argentine nationhood are today being slowly identified as the main culprits of the worst political and economic crisis in the Nation's

history.

Arguably this was already occurring before April 2 and didn't stop thousands of Argen-tines from expressing their jubilation in May Square immediately afterwards.

Until a few months ago,

Argentine diplomats would insist that it was possible to keep Argentina's international relations quite separate from her domestic politics. Yet for all their public self-congratulation for Thursday's results at the UN—and particularly the undoubted coup of the U.S. turnaround—Argentines have been hard put to explain the attitude of Italy, traditionally their most reliable ally within the EEC.

Italy's decision to abstain at

Italy's decision to abstain at the UN rather than vote for the motion appeared to respond to the public outcry that followed the disclosure this week that over 300 Italian nationals had disappeared in Argentina fol-lowing the 1976 military coup.

Thus on the very day that delegates prepared to vote at the UN. Italian Prime Minister Sig Giovanni Spadolini told a U.S. sponsored conference on free elections in Washington that his government could not that his government could not 'gnore the discovery of hundreds of unmarked graves in Argentina—presumably of people killed by the security forces—and that it had expressed its "strong disapproval" of the military regime.

The Buenos Aires Herald managed poignantly to summar-ise the dilemma faced by Argentina's military rulers in the postwar period. Alongside the headline "Resolution Passed at headline "kesolution Passed at UN by 90-12" there was a large photograph of a baby with the caption: "Three-month-old Clara Anahi Mariani, one of many children of Italian origin missing in Argentina, is shown here in a photo released by her relatives who live in Milan. Baby Clara disappeared on November 24, 1976, after her mother and father were killed by Argentine police in La Plata

(Argentina).

### Deng moves to oust opponents from key military commands

EFFORTS by Deng Xiaoping, the Chinese leader, to strengthen his faction's control over the more than 3m strong people's Liberation Army (PLA), is leading to a spate of forced retirements of aging military commanders as part of an extensive reorganisation of senior ranks.

In the past week it has been re-vealed that new commanders have been appointed to three of China's 11 military regions. Dozens of other changes are pending in the PLA top

Deng appears to have wasted no time since the 12th congress of the Chinese Communist Party in September in his efforts to firmly place his stamp on the PLA, which has been a source of opposition to moderate Dengist politics.
Military commands which have

recently changed hands are those of Nanjing, Canton and Chengdu re-gions. Of particular significance is the change in Canton, which has long been regarded as a fieldom of Deng's opponents.

It is an area in which aging Marshal Ye Jianying, nominally the number two man in the Communist hierarchy, has had solid support. The 85 year old Ye is widely regarded as the foremost nagging cri-tic of Deng's reformist policies.

All three new military commanders were elected to the party central appointment of General Liu Huac committee at the September coning as the new navy commander gress. It would be reasonable to lass them as Deng supporters.

Speculation surrounds the future of General Li Desheng, the powerful commander of the Shenyang military region and Politburo memother formidable Deng opponent, gress. He is said not to be particunay soon be given a new job in

Deng, chairman of the Military years in the allocation of resources Affairs Commission - China's top for defence modernisation.

Zhang Aiping, a deputy chief of "spring-cleaning" the military in the defence modernisation. racy and of the party.



Deng Xiaoping:

Immediately after the 12th party congress Wei Guoqing, the PLA's 76-year old political commissar, was removed from office, apparently because he incurred Deng's displeasure over the publication in the army newspaper on the eve of the congress of an article criticising Dengist policies.

Another important change at the top notified in recent weeks was the appointment of General Liu Huaq-General Liu is identified solidly with the Dengist faction. It appears likely that China will

soon have a new Defence Minister. General Geng Biao, the present de-fence chief, lost his position on the ber. General Li, believed to be an- Politburo at the recent party conlarly popular with the military which has done badly in recent

same way that his proteges have one name being mentioned as a carried out reforms of the bureaucracy and of the party.

Geng.

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# Labor victory in S. Australia election

BY COLIN CHAPMAN IN SYDNEY.

THE LABOR PARTY swept into comparigned on the issues of unemser's Liberal Party, making it virtu- ing the state. ally certain that the Government

eral government in South Australia turer of white goods is facing severe e to hold on, int ulation about an early election though Mr Fraser's two weeks in hospital undergoing surgery for poll before Christmas

The new premier of South Australia is Mr John Bannon, 39, who holds the reins in Queensland.

power in the South Australian electron playment and economic policy and tions at the weekend with a swing who upon election immediately of more than 7 per cent that bodes called for a bipartisan consensus in ill for Prime Minister Malcolm Fra- tackling the serious problems fac-

The major employer in South will run its full three-year term un-Had Dr David Tonkin's state Lib-

> Labor is now in power in Australia's three major industrial states: South Australia. The Liberals hold office in Western Australia and Tasmania, and the National Party

IN THE MATTER OF ROSIANO OVERSEAS LIM (IN LIQUIDATION)

IN THE MATTER OF THE COMPANIES ACT (CHAPTER 184)

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Failure of any creditor to send or deliver such particulars by way of proof in the appropriate form to the Official Liquidators on or before the 1st day of February, 1983 will result in such debt is proved, or as the case may be, from objecting to such

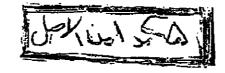
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# Romanian decree Spadolini on hard currency risks trade status

reimburse the government in hard currency for the cost of their past education and training, according to a decree signed by Romania's President Mr Nicolae Ceausescu.

The new law appears likely to lead to serious friction with the U.S., which told Romania it faced the loss of most-favoured-nation trade status if it further restricted emigration.

Western diplomats in Bucharest noted that last month, the U.S. Assistant Secretary of State for human rights, Mr Elliot Abrams, was in Romania to express concern at the situation. U.S. Congress had sharply criticised Romania's tough emigration regulation. He said that if Romania were to force its emigrants to repay the government in hard currency for what it had spent on them, then Congress would almost certainly refuse to renew most-

Earlier this year. President Czechoslovakia.

trict Jewish emigration from Romania. This has dropped to less than 50 a month from more than 300 a month a few years ago. There are an estimated 50,000 Jews still in Romania.

and their actual departure, they will have to pay for medical treatment and other services in western currency. However, the possession of hard currency by Romanians is forbidden.

The decree also stipulates that the property of Romanians who emigrate will fall to the state. Romanians leaving the country illegally are to be sued in Romania or in the West until they pay their debts, the law notes Similar regulations exist favoured status for Romania notes. Similar regulations exist next year. in the Soviet Union and

#### **Spain's top Communist** quits after 20 years

SR SANTIAGO CARRILLO mittee which was meeting stepped down from the leader today. Rank and file moves to ship of the Spanish Communist block it appeared to have been Party he has ruled with an iron quashed by a leadership an-hand for more than 20 years at nouncement that there would the weekend after an under no circumstances be an acrimonious executive comittee extraordinary party congress to meeting which reviewed the decide the succession issue, party's disastrous showing in the Senior leaders of the military

In the elections, the Com-munist presence in the 350member congress was reduced from 23 seats to four and its 10 per cent share of the national vote dropped to 3.8 per cent. Sr Carrillo, 67, said he would not resign his congress seat and he nominated to succeed him Sr. Gerardo Iglesias, 37, a faithful carrillista' who is head of the region but is little known out-

side the party.
Sr Iglesias' nomination was expected to be accepted by the 104-member party central com-

ROMANIANS seeking to emigrate to the West will have to
reimburse the government in
privileges if it continued to res-

The new law says that before leaving the country, emigrants will also have to pay support in hard currency for dependents left behind. Between the time they get permission to leave

is to begin to bring its inflation and runaway public sector deficit under control.

The country's economic problems were again underlined at the weekend, this time by trade figures showing a deficit of Litre 2,179bn (\$1.5bn) in September alone, and one of L13,773bn (\$9.4bn) over the first nine months. Inflation is again running at 2 per cent a month, while the government's borrowing requirements for

wing of the Basque separatist movement ETA were arrested in France over the weekend, David Housego writes from Paris. The step is seen as an attempt by the French Socialist government to put pressure on ETA to negotiate with the in-coming Spanish Socialist administration.

The arrests follow the killing of Gen Lago Ramon, the Spanish tank commander in Madrid on Thursday. Among the three leaders detained are Antxola Larranaga, said to be third in seniority in the movement.

# returns to face new crisis

By Rupert Cornwell in Rome SIG GIOVANNI SPADOLINI. the Italian Prime Minister, returns to Rome today confronted by political difficulties which many analysts feel could bring about the demise of his second five-party coalition, barely three months after its

normally, a trip abroad by an Italian Premier (in this case to the U.S.) is a signal for temporary political truce at home. On this occasion, however, it has coincided with an unprecedented exchange of public insults between senior Christian Democrat and Socialist Min-

They have reflected not only personal anomosity, but the apparent fundamental inability of their two parties to work together.

The row involves Sig Nino Andreatta, the Christian Democrat Treasury Minister, and the Socialist Finance Minister, Sig Rino Formica. It would usually be little other than a demeaning curiosity—except that they
are the two members of the
government most directly
responsible for the stabilisation
package now before parliament. The package is vital if Italy is to begin to bring its inflation

horrowing requirements for 1982 will top 15 per cent of gross domestic product. From the U.S., Sig Spadolini was forced to call an emergency

meeting of his economic min-isters and parliamentary leaders of the coalition parties for this evening, to calm things down. The signs indeed are that neither Socialists nor Christian Democrats really want the latest hostilities to spill over at once into a full-scale government

But the view is widespread that the administration will be lucky to survive the month; the names of possible successors to Sig Spadolini are being freely bandled around, as is open talk of general elections some time

Anthony Robinson in Moscow on the 65th Great October Revolution anniversary

# Moscow has a well-rehearsed celebration

Day began with a profound silence. It was the silence of a city garlanded with red flags, glittering with fresh white snow under a blue sky, hushed by a city centre cordoned off by successive lines of grey uni-formed militia in shiny black boots and fur hats.

It is easier for a carnel to pass through the eye of a needle than for a person with-out a propusk (pass) to get within a mile of Red Square on

within a mile of nea square on Revolution Day.

Every night for the past week, it has been the same story as long columns of tanks, personnel carriers, mobile rockets and artillery have roared in convoys from their staging post at the former Moscow central airport field along the Moscow inner ring road, down Gorki Street and, finally into Red Square and past the saluting base atop Lenin's tomb. Practice makes

Lenin's tomb. Practice makes perfect.

Yesterday morning, as the Kremlin clock struck 10, the Politburo and the Soviet top military brass trooped up the stairs of the red marble mausoleum. Conspicuous by their absence were Politburo doyen Arvid Pelshe, too fragile to attend perhaps at 83, and 78-year-old Andrei Kirilenko. Picture was nowhere to be seen, a sure sign of his political demise and of a new vacancy to be filled in the now 12-man top political organ of the party.

Defence Minister Dmitry Ustinov was master of ceremonies. In his address to the assembled leaders, diplomats and troops, and in his order to stemply the province of the day published in Pravda, the perfect was nowhere to be seen, a sure sign of his political demise and of a new vacancy to be filled in the now 12-man top political organ of the party.

Defence Minister Dmitry days master of ceremonies. In his address to the assembled leaders, diplomats and troops, and in his order to stemply the province of the party.

Soviet Brezhnev sald after yester-day's Red Square military would deal a "crushing re-taliatory strike" to any ag-gressor, Reuter reports from Moscow.

Mr Brezhnev said: "Our might and vigilance will cool, I think, the hotheads of some imperialist politicians." He mentioned no western leader or country by name, but his comments, published by Tass news agency, were clearly directed at the United

istration. Mr Brezhnev, said it was not in the tradition of the Soviet Communist Party or the Soviet people to retreat

States and the Reagan admin-

Unlike Mr Pelshe, whose portrait still graces the Polit-buro iconostasis, Mr Kirilenko's picture was nowhere to be anti-communist crusade led by the United States."

before the offensive which the " imperialists " leashed.

The Soviet leader con-tinued: "We shall do our utmost to see to it that those who like military ventures should never take the land of the Soviets unawares. "The potential aggressor should know: a crushing

retaliatory strike will inevitably be in for him," Mr Brezhnev was quoted as saying. The belligerent tone of the language was unusual for Mr Brezhnev and appeared to be

part of a new tough anti-U.S. line which he set in a major speech to armed forces leaders on October 27.

Soviet armed forces but stressed the need "to be vigilant and strengthen Soviet military might in the face of the western

registered disapproval of Soviet military actions in Afghanistan by sending only low-level per-sonnel for the third year run-ning. The Chinese ambassador, however, marked the Sino-Soviet thaw by turning up

In his traditional speech. Minister Dmitry Ustinov, said Moscow was making great efforts in arms control negotiations with Washington on reducing medium-range and strategic

nuclear missiles. He went on: "The aggressive forces of imperialism, first of all the U.S., have raised their level of military preparations to an unprecedented level."

Accusing the U.S. of provoking armed conflicts globally and threatening the use of nuclear weapons, he said: "They have unleashed a political, ideological and

Politburo members and rivals Konstantin Chernenko and Yuri

Andropov flanked him on the

Mr Breshney, looking very very old and wearing thick horn-rimmed glasses for the first time in public, again showed the continuing strength of his will to rule by standing While Mr Ustinov attacked for two hours flanked by Marthe Americans, Nato diplomats shal Ustinov and other military leaders on his right while Prime Minister Nikolai Tikhonov and

the speeches, the salutes and the echoing urrah, urrahs from the troops and then settled down to watch the military hardware on which they have spent so much roar past in clouds of blue smoke Military attaches agreed that the parade was "old hat, the same ageing and sometimes obsolescent hardware as last year, except for a new variant armoured personnel carrier with a 30 mm cannon and a new variant Sam 8 surface to air missile. They've they're not showing us."

The next time I came across the demonstrators was half an hour later, as they crammed into the elegant Liberty-style gastronom (food shop) on Gorki Street which, before the revolution, was called Yeliseyev's.

There, under the most elegant tear-drop cascade Liberty chandeliers I have ever seen, they queued amid delicious smells of smoked fish and roasted coffee for Cuban grape-fruit, Hungarian chickens, Armenian brandy. vodka, three types of and all the other delicacies piled up for the occasion. Further up the street the barri-

# West Germany's Free Democrats remain disunited

ONLY IN West Germany's Free Democrat Party, divided and disgusted with itself, could delegates to a party congress vigorously applaud a popular parliamentary deputy for resigning from the party.

But when Frau Ingrid
Marthaeus-Maier, a leading
figure on the left of a party
lurching painfully to the right,
came to the podium just before midnight on Friday night to announce, with tears in her eyes, that she would remain in opposition to the present government of FDP and the concorvative parties, she received the nearest the congress had so

far shown by way of ovation.

For if those still loyal to 13 years of coalition with the Social Democrats that ended so abruptly in December, were in despair—and Frau Matthaeus opened the way for another coalition.

spate of resignations — the On Saturday, Herr Genscher of "social liberals."

majority of the 400 ordinary managed to impose his authdelegates at the Berlin party ority on the delegates and to whether to form a new party

congress also seemed deeply In his opening speech on Friday, Herr Hans Dietrich Genscher, who was re-elected as party chairman, said: "At the close of this party congress, the FDP must once again be a united party." In this aim he has failed.

Many delegates feared that the continued divisions would prove so unattractive to voters that the FDP would not be able to achieve the 5 per cent neces-sary for parliamentary rep-resentation at elections called for March 6.

Herr Genscher received only a 55.8 per cent majority for his re-election on Friday, against 90.2 per cent in 1980 and was criticised in a motion for the high-handed manner in which the party leadership shifted

continued support for Nato's nuclear missile policy, but these were generally by the slimmest majority.

By then, a group of 200 delegates and guests, mostly from the Social Democrat Party and the radical environmental-ists and disarmament party, the sum and the radical environmental-ists and disarmament party, the sum of the three deputy chairment, but by only one yote, he

James Buchan in Berlin assesses the FDP congress and its likely aftermath with elections only four months away

the Young Democrats, but including such luminaries as Frau Matthaeus and the 86-year-old Herr Wilhelm Borm, had aban-doned the luxurious wastes of Berlin's DM1bn international congress centre for a grubby hall across the road, to discuss

ists and disarmament party, the Greens, to the benefit of Herr Genscher's new partners, the Christian Democrats (CDU) and Christian Social Union (CSU). Herr Genscher can probably

do without the young democrats and other left-wingers. But his new-look FDP will find it hard to pick up young votes and may have to look to the conservative have to look to the conservative bourgeoisie for the extra per-centage points he needs to survive, for its showing is now likely to fall from the 4.3 per cent the opinion polls gave it before the party congress. For those on the left and in the centre who decided to stay with the party, it was a painful

men, but by only one vote, he hesitated before accepting a post in which he will be consistently outvoted. On Sunday, this group sat in agony through a speech by Frau Irmgard Adam-Schwaetzer the new secretary general and the only one of the eight women deputies to support the changing course; her attitude to social

benefits would not have shamed

Delegates pointed out that the party had split before at a change of coalition partners, most recently in the switch from CDU-CSU to SPD in 1969. The difference is that this was not three days. Faced with pressure is only four months away.



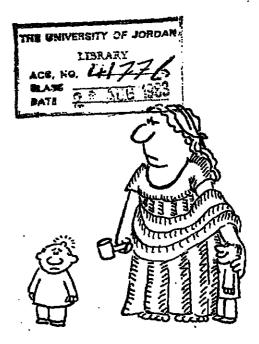
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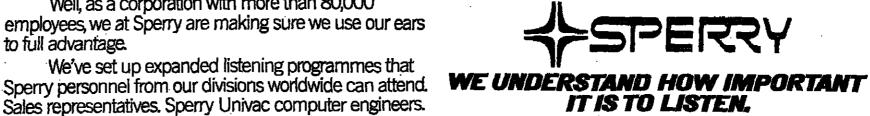
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# Yugoslavia finds itself vulnerable to a capitalist crisis

lems of INA, the country's largest company and its main oil supplier. threaten to sink its banker, Privredna Banka of Zagreb, one of Yugoslavia's biggest financial institutions. The epicentre of the crisis is this summer. But the bottom line, the republic of Croatia, but its shock waves this year have rocked the whole country's financial rela-S350m of its total \$1bn 1981 foreign tions with the Western banking debt to repay by the end of this year, and no very clear idea of

Struggling to correct its own admitted mistakes in the past, Privredna Banka has appealed for a sis: show of solidarity from the 70 Western banks with which it used to have good working relations. The appeal has so far fallen on deaf

Western bankers, hardened by bitter experience in Poland and Romania, have told the Zagreb bank that solidarity should begin at home, with the national bank in Belgrade and other Yugoslav com-

provided a couple of hundred mil-

FOR THE seventh year running.

on whether to accept or reject the

legality of Indonesia's military

takeover of a tiny island territory

less than 800 km off the northern

East Timor's capital, Dili, as well as

enforcing stricter measures to cut

12 months to swing the East Timor

vote in its favour, but a flurry of

often unfavourable press reports alleging continuing abuses of hu-

man rights and food problems on

through to the guerrillas.

coast of Australia.

senior officials, Mr Tomislav Ba. But it could not use any of this to Badovinac, on March 3 by Citibank. been only "symbolic", he says - A new "Associated Bank of Croatia" bank after a management shake-up as Mr Badovinac said last month, is that Privredna Banka still has

Three factors precipitated the cri-• INA's own financial problems. In addition to financing an ambitious investment programme which in-cludes a petrochemical joint venture with Dow Chemical of the U.S. and a big new fertiliser plant built by Davy of the UK, INA has had to find the foreign exchange for most of the 11m tonnes of oil which Yu-

where this is going to come from.

mercial banks.

The national bank has this year try's major domestic oil producer, accounting for 3m tonnes of the 4m

goslavia imports every year.

ports are not allowed.

Privredna Banka's own mis-

choice. Under the Yugoslav system, banks are owned by member com-panies, their customers in effect, and INA is one of the Zagreb bank's "members". But unlike other banks elsewhere in Yugoslavia, Privredna Banka could not share the INA burden with other banks. Up to now Croatia has been the only republic grouped in an "association".

The previous management of Privredna Banka decided to try to finance INA's longer-term needs with short-term borrowing. The strategy worked well in 1980-1, but hanks refused in the wake of Poland and Romania, to roll over their

dovinac, to run the troubled Zagreb raise foreign exchange since oil ex- Impatient and worried that Privred- \$15m in new money. na Banka was 48 hours late on \$5.9m payment, the U.S. bank detakes. The Zagreb bank shouldered cided to pull its money out as soon INA's financing problems. It had no as possible. "I'm not complaining about Citibank, they acted according to their rights," Mr Badovinac

> The upshot is that the Zagreb bank has had \$638m in short-term foreign debt (\$1bn including medium and long-term maturities) to repay this year, with virtually nothing coming in. Mr Badovinac says he has asked those Western banks which are still owed \$200m in shortterm money this year to extend the maturity from three to six months. But he has had no response so far.

tors followed suit.

The trigger was pulled, says Mr term credit. The response so far has

nor and indirect way, help Privredna Banka out of impasse. It is one of a consortium of U.S. banks which have completed negotiations to lend Yugoslavia \$200m. Privredna Bansays. But the effect was that all ka hopes to get some \$40m of the around its neck, says. Mr Ante other Western creditors and deposi- proceeds of this.

Luckily, too, the Zagreb bank's donestic depositors have not reacting ed to its problems, which have been in the republic to reduce their costwidely publicised inside Yugoslavia. They kept their money in Privredna's vaults, perhaps reassured by the national bank guarantee of all foreign exchange accounts and by the fact that Privredna's member companies account for 40 per cent of the Croatian economy.

But he has had no response to the had also asked banks whom from INA, because they have had though INA now mean though INA now

is to be formed in January 1983. It Ironically, Citiback may, in a mi- will be formed by Privzedna Banka and other banks and is expected gradually to take a prime role in foreign finance. But it will not inherit its component banks' debts. "We didn't want to hang a stone

nister, who has also played key role

ly investment programmes.

His predecessor as Prime Minis-ter Mr Peter Flekovic, is now in charge of INA. He says that by mid-1983 the only investments INA will be making will be in new domestic oil and gas development. The ambitious Dina petrochemical joint venture with Dow has been cut back.

ese appear to be resigned to inte-

gration with Indonesia, but for

many the nature of the relationship

still rankles. The number of people

herded onto the arid island of Ata-

rau to deprive the Fretelin guerril-las of material and familial support

has grown from some 3,500 six

Their presence is resented by the 5,000 or so local inhabitants, and

the tiny island appears to be inca-

pable of supporting such a number. Occasional allegations of murder and brutality by indonesian troops

continue to surface. Specific

charges of rape and murder are, however, almost impossible to veri-

fy. Last June two local members of

the so-called East Timor Regional Assembly wrote to General Suharto

regretting that soldiers continued to behave like "conquerors," abus-

months ago to more than 4,500.

COMMUNIST Yugoslavia has hit a classic capitalist crisis. The prob David Buchan examines an industrial burden which, without Western help, may sink a Zagreb bank most of the country's oil imports. this task, by taking a 17 per cent rake off of all foreign exchange re-

> Neither INA nor Privredna Banka will be out of the woods next year. The bank still has \$500m in foreign debt to repay next year, while INA is faced with the longterm problem that only about half of its refining capacity is being used. Yugoslavia has the capacity in process 30m tonnes of oil a year, but it needs only half this and per-haps less if petrol rationing introduced this month succeeds in curb-

Still, Mr Flekovic says INA now has Italian companies using its refineries, to the time of 2m tonnes a year, to supply northern Italy. In addition, the fact that members of the Organisation of Petroleum Exporting Countries have increasingly been offering Yugoslavia payment INA and for that matter Priviled problems of the company, and the

transferred from the army to the

150 armed Fretelin guerrillas, who have fought a small but protracted

war of independence since the In-

donesian invasion of 1975, are likely

in the flesh of a country which would like to claim that all is now

Meanwhile a group of upwards of

# Military oust Zerbo in Upper Volta coup

THE Government of Colonel Save Zerbo in Upper Volta has been overthrown in a coup staged by a group of non-commissioned officers and soldiers according to radio reports from the country's capital Ounga-

A provisional committee of national salvation has been formed to run the West African state.

The country's new rulers immediately imposed a dusk to dawn cur-few and launched an appeal for the people to rally to the new regime. the French news agency Agence France Presse reported from Abidjan, Ivory Coast, citing Volta Ra-

The reports could not be immediately confirmed, but diplomats in Paris said there had been reports of serious disturbances in Quagadou

According to the Upper Volta radio reports, the coup was staged on Saturday night and Sunday morning. It gave no details on how it was carried out or the fate of Colonel Zerbo. All communications with Upper Volta were cut and the borders

In a proclamation broadcast on Sunday, the new ruling military men said the provisional committee of national salvation was made up of non-commissioned officers and

ordinary soldiers.

The proclamation announced the dissolution of the ruling military committee and said that all person al liberties, with the exception of political liberties, would be guaran-

to continue their intermittent cam-It was the fourth coup d'etat in Upper Volta since the country gained its independence from France in 1980. Colonel Zerbo him-Though Fretelin offers no serious threat to the Indonesian army, its activities continue to prove a thorn self seized power in a coup on November 25, 1980, ousting General Sangoule Lamizana The weekend coup was not a total

The Indonesian Government ha surprise to observers, who noted poured in considerable amounts of money and claims with some jusfrequent reports of disgruntlement among officers in the ruling militice that it has done more to develtary council and among labour op infrastructure and education in the past six years than Portugal did The country was also affected by

a number of strikes, which though not widely followed, were an indica-But achieving normalisation will require more than just money if -as seems possible in the next few years - Indonesian's claim to the tion of hostility to the regime's austerity measures.
Upper Volta, located in the Sahel territory is recognised by the world

region, is a landlocked nation with a population of about 6.5m. It is bounded by Mali and Niger on the north, the Ivory Coast Chana Togo and Benin to the south Ninety percent of the people are engaged in subsidence spiculture and foreign aid makes up about half of the gross national product. When Colonel Zerbo came to pow-

er two years ago, be ended what had been considered by many to be one of the most democratic regimes in Africa. Athough Gen Lanizana himself seized power in a coup in 1966, he was subsequently elected president in 1973 in what then was halled as an open and fair election. As president Gen Lanizana was,

however, unable to come to grips with an economy battered by the efects of the 1968–74 drought in the Sahel. Colonel Zerbo, apparently, was able to do no better and his regime came under increasing criticism for mistakes and its inability

# Indonesia clings to conquered island as Portuguese step up challenge

ed Nations Correspondent writes.

LISBON ALLEGES SUFFERING

PORTUGAL called last week for United Nations help towards a solu-

tion of the problem of East Timor, its lormer Asian colony which has been absorbed by Indonesia under General Suharto (left). Our Unit-

A resolution on the question is expected to be voted by the General Assembly's Trusteeship Committee on Friday or Saturday. It proposes that Sr Javier Perez de Cuellar, the UN Secretry General, conducts

Sr Manuel Tilman, Leader of a Portuguese parliamentary commit-tee which has sent a deputation to New York for the delate, told a press conference last Thursday that the aspirations and rights of the East Timorese people must be taken into account without any foreign interference "in order to put an end to the illegal situation in the terri-

He said there was evidence of great human suffering in East Timor

as a result of repressive measures by the Indonesians.

BY RICHARD COWPER IN JAKARTA



Indonesian optimism that the East Timor issue might soon be dropped

Until now the UN has resolutely refused to accept the integration of East Timor into the Indonesian state, announced by Jakarta in 1976 just a year after the invasion.

The lead-up to the debate on the former Portuguese colony of East The recent dispatch by Portugal -Timor has seen a rush of activity on both the military and diplomatic fronts. In the past few months there have been reports of a stepped up armed campaign by left-wing Fretelin guerrillas on East Timor itself, and more than a dozen people are believed to have been killed. The Indonesian army has continued its "pacification" campaign by pushing more East Timorese onto a largely arid island off the coast of

After Kampuchea, East Timor is regarded in Jakarta as the counoff arms supplies still getting try's key foreign affairs problem, and there had been some hope that when President Suharto came up On the diplomatic front, Indone-sia has lobbied hard over the past for re-election next year that he would be able to tell the nation that the world now accepted Indonesia's

Earlier this year, Indonesian Foreign Office officials said that last the island has not helped to justify year's 11-vote majority against In-

from the UN agenda altogether.

long Indonesia's main opponent on the issue - of a high-powered force former ambassadors to lobby against Indonesia in 30 countries has caused considerable alarm among Indonesian Foreign Office officials. Mr Mochtar Kusumaatmadja, Indonesia's Foreign Minis-ter, spoke last month of what looked like a last minute "counter-

"rights" over the island.

three. How the vote will turn out is not clear, but it seems unlikely that it will go in Indonesia's favour.

Obtaining accurate information about conditions on East Timor is extremely difficult. Diplomats and

propaganda on the one hand, and left-wing Fretelin propaganda on

the other. year of another widespread out-break of famine on the island - similar to that of 1979 - are almost cersponsored visit, but for the most tainly unfounded, despite the part reporting is subject to a bar-drought which has gripped much of

rage of Indonesian Government Indonesia over the past four or five

There have been acute food shortages and instances of malnowishthe army's policy of pushing East Timorese into hamlets - sometimes far from their fields - has meant that many are forced to rely on gov-

ing their powers and ignoring local An army-backed company has taken over the island's valuable coffee trade and East Timorese have

complained of having to sell at un acceptably low prices. It is, however, clear that a grow-ing number of senior officials be-

Egypt calls for joint action

Most of the 570,000 East Timor-ise appear to be resigned to inte-towards normalisation unless day-ration with Indonesia, but for to-day control of the territory is

Home Ministry.

BY CHARLES RICHARDS IN CAIRO

THE EGYPTIAN Prime Minister, Dr Fouad Mohieddin, has called on Arab leaders to take concerted ac-

Parliament outlining his Government's policy, stated that the Egyptian armed forces had a duty to protect both Egypt and any Arab country exposed to aggression.

He pointed to the military help which Egypt had given Iraq in its war with Iran, even though Iran countries - broke off relations with Egypt after it signed its peace trea-

in great part to impress the discreet visitors from Iraq, Morocco and Jordan both with Egypt's military might and its ability to produce or co-produce advanced weapons such as the Alpha jet, shown for the first

Dr Mohieddin said Egypt wanted to settle the dispute with Israel on in common with all but three Arab means. He accused Israel of violating an agreement by opening a hotel in the disputed area.

On economic policy, Dr Mobied din said one of the main objective: of the five-year plan was to increas investment to concentrate on productive industry. The Government aimed at an annual growth of 3.2 per cent in agriculture and 9.5 per cent in industry

To reduce the balance of payments deficit, he wanted an increase of exports of about 8.3 per cent a year and a cut in imports of 4

# to get the economy moving.

Missile test buoys Chinese navy

EARLY last month, when Peking quietly notified the world to keep clear of an area in the East China Sea north of Taiwan, Western military analysts saw nothing remarkable in the warning. They assumed China was planning a routine naval

As it turned out, the event proved o be anything but routine. On Sa-October 16 Peking anounced it had successfully aunched a submarine-based ballis-

Not many believed the Chinese were so far advanced in such tech-nology. A Western military attaché in Peking, an expert in submarine warfare, said the missile launch was very encouraging for the Chinese navy. He described the test as a major breakthrough. It was also, he said, a further indication that Peking was giving priority to the navy in its defence modernisation

According to defence analysts in Peking the development of a stronger Chinese navy makes sense because of China's rapidly growing commercial shipping fleet and increasing strategic interests offshore - new oilfields for example.

The Falklands war is also likely to have spurred modernisation, since it demonstrated that ships are almost defenceless against modern sea-skimming missiles unless they have up-to-date missile systems. China's defence planners are known to have called for a special report on the lessons of the Falklands

Under present circumstances the Chinese navy would be no match for potential antagonists such as the Soviet Pacific Fleet. On land, China's military forces may be able to get away with guerrilla tactics against a force with superior striketion on the "People's War" of former merchant ship.

Tony Walker in Peking discerns an of more than 100 diesel attack sub-marines of the Soviet-designed effort to upgrade submarine forces

Chairman Mao would not be an op-

The building of a nuclear-powered ballistic missile submarine would give the Chinese navy much needed teeth. China already has two nuclear powered submarines and may be constructing a third, se are quite small and rela-

According to Western defence experts it may take at least four to five years before China can up-grade its submarine forces, but the cates that it has made a promising

"It will give the Russians still another headache," said one Western China is far from having a "blue

water" naval capacity. It has no aircraft carrier, no credible anti-sub-marine capability and nothing that could stop the latest generation of sea-skimming missiles. If I were the commander of the Chinese navy I would be desperate-

ly worried about its survival in the event of war," said a Western military attaché. "I would go into the Sam (surface to air missile) business and probably start updating anti-submarine performance as Foreign defence experts see no

evidence of Chma building an aircraft carrier, although there were hints in an August report in the People's Daily, the Communist Party newspaper, that carrier pilots

were being trained. Experts in Peking believe that if China were to develop a fleet air arm it would most likely use a version of the jump-jet operating from power, but at sea a maritime varia- a "poor man's carrier" such as a

At present China's naval air defence is restricted to a large but an-800 aircraft, mainly MiG 19s with limited range, and some bombers built to an outdated Soviet design. At present this force can provide air cover to a distance of about 200

miles from land. China has had talks with Britain in the past about acquiring the Har-rier jump jet but, according to Brit-ish Aerospace representatives, the Chinese were shocked when discussions turned to the cost of acquiring such an aircraft. The navy is, how-ever, negotiating with the British to acquire the Sea Dart missile.

Apart from protecting what it has a naval fleet of limited range and capability – China needs a effective seaborne deterrent. With the test launch of the ballistic missile China has moved closer to acquiring such

Peking Review, an official magazine, stated in its latest issue that the launch "represents a qualitative change and a leap forward in technology since the carrier rocket launching from north-west China to the South Pacific in 1980".

This was a test which sent an in-tercontinental ballistic missile (ICBM) from China's Lop Nor test site in its far western region thousands of miles into the South Pacific. China sent a fleet of 18 vessels to the Pacific to monitor the splashdown, an indication that the navy stances they would get severely was seeking to break out of a purely mastal defende roie.

China's inventory of ships includes about 30 major combat ves- China may not have the capacity ventional submarine fleet consists potent maritime force.

Romeo and Whiskey and Ming

In their calculations about possible conflict at sea Chinese strate gists are likely to have in mind disputes with Vietnam over areas of the South China Sea - particularly those sections believed to be rich in

China and Vietnam are in dispute over the Paracel and Spratlys Is-lands and over areas of the Gulf of Tonkin. Any of these could provide the flashpoint for serious conflict between the two countries. In the past year there have been several countries.

An indication of the priority nov being given to the navy came with the recent appointment of General Lin Huaging as its head. Gen. Liu, a deputy chief of the general staff of the People's Liberation Army, is regarded as one of those pushing bardest in the military for moderni-

Perhaps the most compelling reason for China to give priority to the development of its navy is the growing Soviet naval presence in the Pacitic. Soviet ships are regularly seen moving back and forth between the Indian Ocean and Vladivestek. An added worry for China is Soviet use of the former U.S. naval base at Cam Ranh Bay in Vietnam.

As one military analyst said: Chinese strategic planners have to envisage action against the Russian Pacific Fleet. Under present circummauled, and I'm sure they're worried about the Soviet use of bases in

sels of antiquated Soviet and in- to rule the waves in its own sphere digenous design and a large num- of influence for a very long time, ber of missile attack boats. The con- but it appears intent on becoming a



a French boss, a German car and an Italian barber, so why is he reading an English-speaking newspaper? by Europeans it is more likely to give him the kind

Ask him, and maybe he'll look up from his Financial Times for a moment to give you some

He'll tell you that, as a businessman, he of the answers. needs to know what is happening in the world, why it is happening and what is going to happen next. Hell explain that the FT's daily coverage of business news from Europe, the Middle East, the

United States, Japan and the Far East is earlier than

And that because it is written for Europeans Everyone speaks the Financial Times.

rates. And its reporting of market trends.

As far as he's concerned, the FT's

business begins. Even when he has to share

interpretation of the business world is where the day's

As well as world news, he may mention the

Its coverage of world prices and exchange

**FINANCIAL TIMES** 

of overall picture he needs.

FT's company news.

it with the

المكناه المكالم

THE MILITARY Government for nearly half of Turkish industry, still require substantial state funding. The some economic successes over the last two years. Gross national product grew by 44 per cent in real terms hast year, after failing by 1 per cent in 1980, the second consecutive declare. Forecasts of some economic successes over the last two years. Gross national product grew by 44 per cent in real terms last year, after falling by 1 per cent in 1980, the second consecutive decline. Forecasts of around 4 per cent growth this year will give Turkey the highest rate in Europe, if arbieved.

 $\int_{\mathbb{R}^{2d}}$ 

arhieved.

The rate of inflation fell'substantially in 1981 but the initial successes bave not been maintained during this year. Exports have risen dramatizally, especially to the Opec countries, as have overseas comracts, again in the Middle East. A combination of the devaluation of the first, export promotion measures and the state of the home market has pushed companies into export drives. The increased eartings in exports, workers' remittances, transit

Commentary by Our Economics Staff; data analysis by Financial Times Statistics Unit; charts and graphs by Financial Times Charts Department

fees and contracting profits brought the current account deficit down by \$1.5bn in 1981. The restructuring of Turkey's foreign debt and loans made by the IMF and World Bank have alleviated the severe financing difficul-ties experienced after the second oil price rise.

There are still problems, however. Several months ago, the IMF expressed anxiety about the possibility of continued falls in inflation, given the very rapid rate of monetary expansion. The existence of very high real interest rates. of very high real interest rates encouraged the pouring in of money to the fringe banks, the most important of which, Bonker Kastelli, collapsed in July. The banking crash gave a shock to the whole economy. At the same time, hard-pressed companies have found the real cost of borrowing cripplingly high. The State Economic Enter-prises (SEEs), which account

The growth of agriculture has been disappointing com-pared to overall growth. While the share of agricultural ex-ports has fallen, they remain ports has failed, they remain extremely important. The growth of industry's share of GNP has not been matched by the same growth in employment. Agriculture still employed more than half the workforce in 1990. Land reform and major arrigation projects are necessary, but both have run into difficulties.

both have run into difficulties.

There are also potential problems with the export drive: the EEC has already protested about the level of Turkish ciothing exports, and white a pact has been agreed this year, it could be a sign of more difficulties ahead. Spending cutbacks have started in many Opec countries, including Libya, which is a particularly important market for Turkey.

Turkish exporters are hoping to diversity, especially into North Africa, to avoid too heavy dependence on the

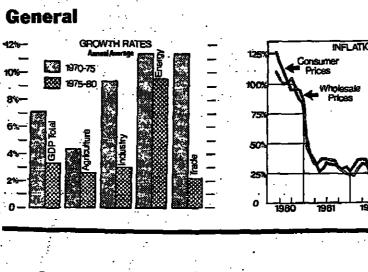
too heavy dependence on the Middle East. The burden of the military

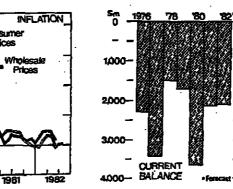
The burden of the milbary Government's austerity programme has fallen most heavily on wage earners, who have seen the real value of their wages fall very fast. Unemployment is high, and projected to rise further. The figures given here show only a trend: they understate the real extent of the problem in a country where agricultural underemployment is substantial.

Ten years ago, Turkey was producing half its off requirements: today that proportion is down to one-sixth. Coal reserves are also running out.

is down to one-sixth. Coar reserves are also running out, though lightle production could increase. Turkey's hydro-electric power potential is large, but at present its electricity consumption per head is the lowest in Europe.

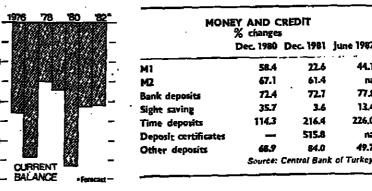
	STRUC	TURE OF	ONOMY % vol. changes			
	Agriculture	Industry	Services ]		81	82*
948	46.0	13.3 °	40.7	Agriculture	<b>0.5</b>	3.7
960	38.9	16.2	44.9	Industry	7.6	6.1
973	20.8	19.3	59.9	Mnfng,	7.3	5.8
981	22.9	27.2	49.9	Energy	5.2	9.2
mpl'ym'nt 🤊	6 of			٠		•
(1986)	57.4	. 11.8	30.6			





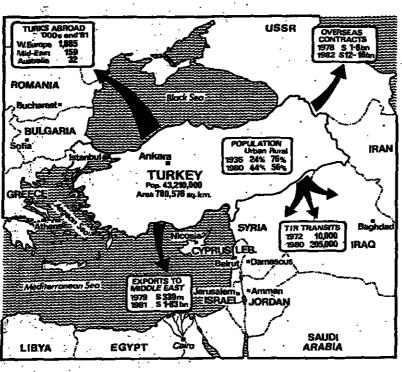
Labour

Total population



FINANCING OF % of requirem		
70 4- 144anc	1976	198
State Investment Bk.	24.5	6
Budget contributions	34.0	56.0
Central bank loans	19.7	_
Foreign direct finance	8.0	31.8
Other borrowing	13.8	5.9
Total TLbn curr. prices	47.7	424.8
% of GDP	7.2	6.7
Source: Minis	try of F.	inance

OVERSEAS EARNINGS



I oct bahawaan	,				
Civilian labour force	14,544	16,040	17,180	2.0	1.4
Employment	13,820	14,698	15,310	1.2	0.8
Agriculture	8,506	8,663	8,820	0.4	0.4
Industry	1,397	1,691	1,802	3.9	1.3
Unemployment	724	1,342	1,860	13.1	5.0
Ollampio Primaro,				Source:	OECD
Debt				Agı	ricu
She DEBT Dist	oursed				A
Medium & k			J)		-
14			11-		
12			-		
to					
a				Cotto	n
	an lo	311833	<b>1</b>	Hazelo	atur

EMPLOYMENT (000s)

1975

40,348

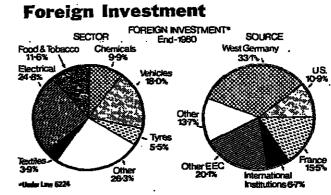
1970-75 1975-80

1970

35,605

							Programm	<u> </u>
Agric	ulture	!						
	AGRICULTURE: Pl Production '000 tons		RODUCTION Exparts (USSm)		AND TRAD % of total exports		Support prices % change	
	1980	1981	1986	1981	1980	1981	1960	1981
Cotton	500	500	323	348	11.1	7.4	700.0	26.0
Hazelnuts	250	350	395	302	13.6	6.4	793.3	13.6
Tobacco	234	200 Land		395 ද්. 1980	8.0	8.4	83.4	16.7
Cultivated	35.8	Wat	er .	1.4	М	eadow		23.7
Forest	25.9	Barro	en	13.3	Te	etal sq.	km. 78	1.000
			5	ources:	OECD :	nd Nat	ional So	urces

Trade			-		·				
EXPORTS: MAIN MARKETS % of total				EXPORTS: COMPOSITION % of total					
	1979	1980	1981	1982*		1979	1980	1981	19824
West Germany U.S.	21.9	20.8 4.4	13.7 5.7	12.4 3.9	Agricultural goods	59.4	57.5	47.2	
East Europe	7.7	10.7	2.7	3.9	Minerals Industrial Roods	5.8 34.7	6,6 36.0	· 4.1 48,7	3.3 59.8
iran irag	· 0,5 5,0	2.9 4.6	9.4 11.9	11.3 14.6	Agro-industrial	6.7	7.2	8,8	9.3 4.4
Libya Saudi Arabia	1.9 0.9	2.0 1.5	· 9.4	5.2 4.9	Petroleum products Manuf. & semi-manuf.	28.0	1.3 <sub>.</sub> 27.5	2.3 37.7	45.5
Total U.S.Sm	2,261	2;910	4,703	2,952	Total U.S.\$m * january-july.	2,261	2,910	4,703	2,957
* January-July.	Source:	State Plan	ning Orga	nisation		e: State F	Plenning	Organ	isation



Fuel oil Hydro-electric		1977 34 42	
Hydro-electric	46	34	22
Hydro-electric			_
•	25	42	51
Lignite	18	18	24
Coal	17	6	3
Oil production 1	970	70,000	b/d
1981 47,000 b/d.	Annu	ei cons	sump



Price based upon manufacturer's RRP and correct at time of going to press, includes seat belts, car tax and VAT (Delivery number plates and road tax extra.) Autocar Autolest 29.12.79. In case of difficulty arranging a test drive, piease call (0203) 402121 ext. 228.

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Jaguar cars aren't just attracting

in the world is engineered to offer the same combination of effortless performance, supreme comfort and impeccable road manners.

high praise in America; they are also

Especially at the price. Take the XJ4.2 illustrated.

The famous fuel-injected, 6 cylinder XK engine propels you smoothly and silently to 127 mph. Antidive suspension geometry and four-wheel, dual-circuit disc brakes return you to rest in the same unruffled manner.

And the fully-independent suspension system, developed directly from race-track experience, gives a combination of tenacious road-holding and sublime comfort that is unique to Jaguar.

In the lavishly equipped interior, standard appointments read like a list of expensive extras.

A 10-outlet heating and ventilation system with separate controls for each rear-seat passenger

Fully reclining leather upholstered seats with adjustable lumbar support.

Electric windows, remote control door mirrors. A four-speaker radio and stereo cassette system. Tinted glass. Centralised door-locking.

Plus, of course, that most important built-in extra: blissful, restful silence.

All this for £15,641.

In pursuit of perfection.

A price that tends to silence the competition, too.

311

# Oil majors face tighter 'national' controls

BY BRIJ KHINDARIA IN GENEVA

oil companies to explore for petroleum in their territories and off-shore seas.

After reviewing about 600 oil exploration contracts between developing countries and oil companies, the UN Conference on Trade and Development (Unctad) is suggesting creation of international guidelines or models which countries might use to negotiate such contracts. The purpose is to make it easier for developing countries

to protect their long-term interests against erosion by profit-oriented private multi-

There is also a move towards There is also a move towards more deals with state-owned oil companies in the Soviet Union and Czechoslovakia as well as in West Germany, Canada, Norway and Japan. Since almost all third world oil producers have state-owned oil companies, that leaves less scope for privately-owned companies.

The U.S. and Britain strongly

The U.S. and Britain strongly oppose efforts to standardise contracts, but developing coun-tries feel models are vital to

SHIPPING REPORT

DEVELOPING countries plan ensure that they keep the upper to tighten the terms under hand over companies when oil is discovered. hand over companies when oil An Unctad study discussed at

a meeting of experts in Geneva last week recommends that developing countries should further control multinationals by passing laws spelling out the "precise framework within which petroleum exploration can take place and negotiations with the international oil companies can be conducted."

The experts concluded that petroleum exploration contracts should promote "optimum transfer of all types of technology to developing countries."

Developing countries supply 60 per cent of the industralised world's oil needs and produce three times as much on as they consume. Their consumption is expected to increase at least fourfold by the Year 2000. In addition, their needs for electric power generation—a major consumer of petroleum—are expected to increase at least threefold making them a crucial

EY ANDREW FISHER

LAY-UP BERTHS are filling tanker sector, where the lay-up fast as more owners send their total, including combination carbins to wait out the crisis was nearly 69m dwt or which needed the highest rank of the comparing and

Lay-up berths are filling fast

rather than trade at low freight rates.

After the 18.8m dwt of the financing costs being paid least.

After the 18.8m dwt of the financing costs being paid least.

But Denholm C

Countries in the developing world aim to ensure that Countries in the developing worth aim to ensure that they enter future negotiations with the international oil majors with enough expertise to become eventual senior partners and decision-takers in any joint ventures. They want to set their own national rules which companies must obey

of developing countries came on stream during the last five years making them a booming market which has accounted for nearly half the world's trade in

market which has accounted for nearly half the world's trade in power plants.

With such massive requirements, Third World countries expect to become the objects of a cut-throit scramble among Western suppliers of oil exploration and drilling equipment as well as electric power plants.

Their aim now is to ensure that they enter negotiations with enough expertise and become the eventual senior partners and decision-takers in partners and decision-takers in international organisers of petroleum exploration in exploration in well as electric power plants.

Their-aim now is to ensure that they enter negotiations with enough expertise and become the eventual senior partners and decision-takers in joint ventures. They want to set the rules which companies must

market for exporters of power obey,
plants.

About a third of the current shore oil fields in the Arabian electricity generating capacity

Sea for exploration by interna-

cover their operating and

But Denholm Coates did have

tional oil companies, including British Petroleum and Burmah Shell, it took two years to decide the terms to impose on the

as important organises of petroleum exploration in developing countries," but suggests that their profits requirement may make Third World co-operation with them more difficult.

The risk now is that more Third World oil will have to be sent to industrialised countries if and when economic recovery takes hold, leaving smaller quantities for use by developing countries. Oil prices may be bid up to levels which poorer nations cannot afford bringing a nauous cannot anord oringing a halt to economic development. It is thought that only tougher controls on all company activity can ensure adequate oil supplies at reasonable prices for develop-ing countries later this century. Consequently, "stricter and more specific conditions" in oil exploration contracts would include obligations to hire local include obligations to nire socal nationals, give scholarships to train tocal staff, buy locally-made materials, inputs and services, disclose vital information and hand over equipment to local companies when the

to local companies when the contract expires.

According to the International Atomic Energy Agency, nuclear power will become an attractive alternative to oil-based electricity in coming decades as at least 15 Third World cities expand to more than 10m people, led by Mexico City with 30m and Calcutta with 25m.

# Algeria hospital deal

is the first ever in Algeria for both companies

A £37m loan has been arranged by Midland Bank to finance the project. The loan is backed by the Export Credit Guarantee Department.

Clasp is the subsidiary of the Consortium of Local Authorities Special Programmes which has specialised in designing prefabricated schools and, more recently, hospitals.

Clasp representatives visited Algeria after an earthquake two years ago devastated El Asnam, near Mascara. Clasp will design and build the hospitals which will be shipped in prefabricated form to Algeria and set up there by Tarmac International.

Algeria is one of the largest

Imports of prefabricated elements for these sectors were worth about \$1.5bn in 1981.

# UK groups win £46m

ARMAC International TARMAC International and Clasp International of the UK have been awarded a contract worth £46m by Algeria to build four hospitals in the western region of Mascara. The contract is the first ever in Algeria for both companies

importers of western civilian goods. The current five-year economic plan, 1980-84, has given priority to housing, schools and hospitals.

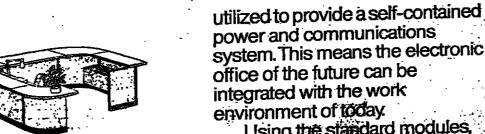
# than look in vain for profitable business. Howard Houlder (Chartering) said last week that some 12.3m deadweight tons of bulk and ore carriers—344 ships in all—were laid-up at the start of November. Nearly 6m dwt of this was under the Greek flag. Greek owners were also heavily represented in the Productive.

You probably know that Westinghouse has pioneered new and efficient ways of generating, distributing and utilizing electricity, so that industry can be more productive.

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The Westinghouse Open Office System is a co-ordinated group of panels, work surfaces, shelves, storage compartments, lighting fixtures and chairs, flexible enough to meet the precise needs of particular job functions and the needs of each individual person. Wall-mounted paperflow systems leave desk space uncluttered. And Westinghouse experience in electrical distribution has been



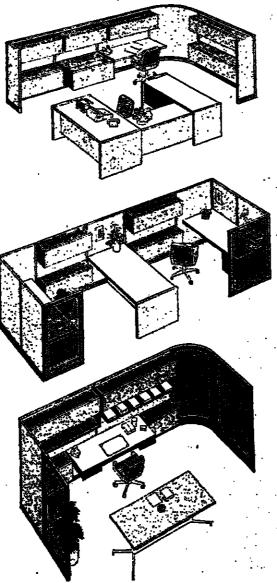
Using the standard modules, work-stations of many shapes and sizes can be formed. Every expensive foot of floor space can be made more productive.

The system responds rapidly to demands for office re-organisation or growth. A single office can change shape in minutes, a whole floor in several hours - without using skilled

All this adds up to the simplest, most flexible, most easily re-arranged system of its kind. Compared with conventional fixed-partition offices, you save up to 20% in floor space and up to 97% in re-arrangement costs. Your staff function more effectively, in less space, at lower cost. Yet individual needs and tastes are not forgotten.

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To see how this flexible system can make your own office more productive, visit the new Open Office System showroom, 12-16 Fitzroy Street, London W1, or phone 01-631 1528 to arrange an appointment.



# for upturn, says Nelson By Tony Walker in Peking BRITISH TRADE with China BRITISH TRADE with China appears set for an unfurn, after several years in the doldrums. That, at least, is the view of Lord Nelson, chairman of the Sino-British Trade County, who is visiting China. Lord Nelson has reasonable grounds for optimism. British companies appear well-placed to win a share of contracts in several of China's proposed development schemes and in the modernisation of sectors of

Sino-UK

trade set

development sentences the modernisation of sectors

Chinese industry.

Areas of promise for Batish industry appear to include:

Offshore oil developments A proposed nuclear power station for Guangdong province.
 A huge coal development scheme in the south-west. scheme in the south-wess.

Modernisation of existing industries by transfers of technology.

The upgrading of coal min

technology.

The upgrading of coal mines aimed at doubling production to 12bn tonnes by the year 2000.

The General Electric Company of Britain, of which Lord Nelson is chairman, is part of a putative Anglo-French consordum bidding to supply components for a twin 900 Megawatt nuclear power station in Guang-dong Province, South China.

GEC would supply the turbines and Framatome of France would supply reactor technology for the project, estimated to would supply reactor technology for the project, estimated to cost about US\$6bn. China has decided in principle to go ahead

with the scheme.

Lord Nelson said in Peking that after talks with Chinese officials, including Zhao Ziyang, the Premier, he was confident the project would go ahead.

"It is now for the Chinese to decide at an early date which nuclear reactor they require,"

he said. The French company, he noted, had already done a lot noted, had arready dulie a loc of work in China. Lord Nelson expected that Hong Kong would not be enthusiastic unless a British company was involved in the project.

It is proposed the Hong Kong power utility, China Light and Power, and Guangdong prevince form a joint venture to

vince form a joint venture to build the power station. Foreign exchange costs could be paid over a 25-year period by the sale of power to Hong Kong.

Lord Nelson revealed that seinor officials from the Guang-dong provincial government and from the Ministry of Electric Power in Peking would go to Britain and France this month for discussions on the nuclear power preject.

power project. will be an imperious the state of the project of th trade group includes senior executives of such companies as Babcock Contractors, Gullick Dobson, and John Brown

Engineers.
Sino-British trade in the six two-to-one in China's favour. British exports to China totalled £44.6m and imports were £100m. In 1979, trade was two-to-one in Britain's favour.

Lord Nelson said the Chinese had expressed the hope that British companies would become involved in the southwest coal development scheme.

West Coan development scheme.

A four-nation consortium of
West Germany France,
Belgium and Spain has been
formed to examine the feasibility of the Guizhou project in
South China. Foreign exchange costs of the project in the order of U.S.\$39 would be paid in coal st under compensation ar ments to the four country lieve that British companies will take part in the scheme in

one form or another.

Another project touched on in the talks was offshore oil development in which British Petroleum is a frontrumer among companies poised to win exploration agreements and coal mine modernisation.

# Airbus disputes Thai move to cancel A-300 deal

BY JONATHAN SHARP IN BANGKOK

IRBUS INDUSTRIE bas reflag carrier, to cancel two firm orders for the Airbus A-300 B4-600, airline officials say. Last month the Thai airline

announced it was dropping plans to buy the two Airbuses—which would have been its 11th and 12th purchases of equipment produced by the French-based European consists new 767 in the Far East in opting for two research a year. opting for two of the new Boeing 787s. A delay in delivering the Air-

buses, resulting from late arrival of the U.S.-made engines, was given by the Thal's as the reason for the cancellation. A dismayed Airbus Industrie

A dismayed Airbus Industrie has refused to accept the decision, and recently sent a telex to Thai Air threatening to withhold a refund of the air-line's downpayment of nearly \$3.5m, say airline officials.

In an effort to regain the order, Airbus has effered to trim \$10m off the price of each aircraft, but so far Thai Air has shown no sign of changing its mind.

jected an attempt by That Air- beyond the aircraft company's ways International. Thailand's control and not due to its fault or negligence

Our World Trade Staff adds: The apparent loss of the deal to Boeing is a blow to Airbus, which in recent years has emerged as the U.S. company's toughest competitor for commercial aircraft sales. It is the

Minority financing for the deal is already being arranged by Japan's Export-Import Bank at a 9.2-per-cent interest rate, against majority financing at 10 per cent from the U.S. Export Import Bank. The two aircraft

• The U.S. Eximbank has started discussions with Alitalia of Italy on financing arrange-McDonnell-Douglas DC9 Super 80 short-range succraft, agencies report from Washington.

order. Airbus has effered to trim \$10m off the price of each aircraft, but so far Thai Air has shown no sign of changing its mind.

Airbus Industrie asserts that Thai Air could not cancel the cases report from Washington.

It is expected that the DC9's will be powered by twin-jet engines manufactured by Pratt and Whitney. Total value of the 30 aircraft package and Thai Air could not cancel the to about \$1bn.

#### World Economic Indicators

ŧ	ARCHITE I					
5		TRADE	STATISTIC	cs 🦸		·
e			Sept. '82	Aug. '82	July 182	Sept. 8
	UK An	Experts	4,761	4.386	4.544	4.47.
ť	OK 200	Imports	4.522	4.423	4.380	4.419
	1	Balance .	+0.239	-0.037	+0.166	+8.05
0	<u> </u>		17.387	17,498	18.627	19.55
b į	<b>6</b> .5. \$bn	Experts	20.644	23.494	19.559	21.27
• ]	•	Imports Balance	3.257	-5.796	- 1.532	-1.72
	9.			52.6	51.8	49.
₽	France FFron	Exports	52.7	52.5 61.5	.60.7	57.
t	<b>4</b>	Imports	64.9	-2.9	-8.5	<del>~7</del> .
1	<b>4</b> .	Balance	-12.2	· <b>-</b> -		
5	7	٠.	Aug. '82	July 82	june 82	Aug. '8
5	Belgium Birtin	Experts	143.51	191.82	214.39	131.6
1		Imports	180.19	184.28	224.52	784.4 —52.8
		Balance `	<b>-36.68</b>	+3.54	<b>← 12.13</b>	
1	W. Germany DMbn	Exports	30,70	34.52	36.19	28.1
1	ALL CONTRACTOR OF THE PARTY OF	Imports	28.00	30.78	31.43	28.2
۲.		Balance	+2.70	+3.74	+4.76	—o.a
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#### BASE LENDING RATES

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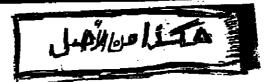
Cardhu, 12 year old highland malt whisky, distilled in strictly limited quantities since 1824.

Bottled by John Walker & Sons Ltd, Kilmarnock, Scotland.

# This is Westinghouse.

Helping offices to be more productive is just one way technological leadership has made Westinghouse one of the great driving forces behind world industry. Westinghouse offers you a strongly developed network of facilities here in Britain with access to all our capabilities world-wide - everything from research, development and specialised design to products, systems and services. The full story is in the booklet, "This is Westinghouse". For a copy, please write to the Marketing Director, Westinghouse Electric Group, Regal House, London Road, Twickenham, Middx TW1 3QT. Telephone 01-8911151.

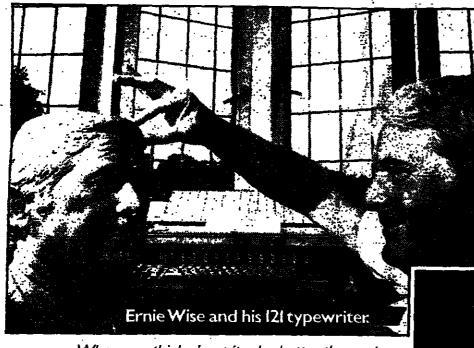




Financial Times Monday November 8 1982

# Does your company need typewriters or word processors?

# Take a line from people who write for a living.



When you think about it, who better than writers to discuss the pros and cons?

It's a subject they have at their finger tips. And one they explain with far more verve than we ever could.

Furthermore, they're on the side of the angels: they don't want to sell you anything.

So let's call first on Ernie Wise.

All right, Ernie? You're on:

Ernie Wise and his one liners.

"When the goddess of inspiration rests her gentle hand upon my shoulder and the pages of great drama unfold before my eyes, my Olivetti wondrously facilitates the plays wot I write."

Ernie uses the 121, our basic electronic typewriter.

It's quieter than the old electric machines and has far less to go wrong. (The golf balls use some 2500 moving parts, our electronic typewriters have just 100.)

We replaced all the old levers, swivel joints and springs with sensors and microchips. And instead of handfuls of clattering keys, we use a daisy wheel with the letters on little stalks.

"I spend hours every week typing out jokes onto a card index. I never throw anything away. I have jokes going back 20 years (no funny remarks please, I'm the comedian).

Although the 121 can remember one line, I'm thinking of upgrading it with an outside memory so I can put all my jokes on file."

Jilly's agony in the garden.

(We don't have room to feature a writer who uses one of our most popular typewriters, the 221, which can store two lines of type.

Nevermind, we have a similar machine that can remember seven pages, the 231, and this is the one Jilly Cooper uses.)

"Because my articles read easily people think writing comes easily to me. In fact, I agonise over every word.

I write and re-write and re-re-write dozens of times as the chaos of my mind comes to order on the page. The labour involved! Who ever invented the phrase I wore

my fingers to the bone must have been a writer on an old manual. To save time I used to cut up the good bits and sellotape them together, often ending up with an Andrex of typescript.

Now my Olivetti memorises everything I write, I can edit on the machine. Boss it around. Take this out, put this in, print it. And it will, incredibly quickly My neighbours are relieved I've got an Olivetti too. In summer I work in the garden (trailing yards of electric cable). My old typewriter was like a machine gun. But even outdoors my

Olivetti sounds as if it's behind double glazing." Above it all in London. Away from it all in Barbados.

"I have a great idea for your advertisement. The headline says: I would never under any circumstances use a word processor. But my secretary was sure glad when I bought an Olivetti."

(As Mr. Archer seems to have the golden touch we didn't argue.)

"I write most of my books long-hand in Barbados. When I return to my London flat I give each page to my secretary who types a perfect, clean, pristine draft.

I then write all over it. The pages look like a spider's web. And she re-types it.

Even if I just change a comma I like it typed again. The neatness challenges me to improve it."

The machine which responds to this challenge is our first machine with an external memory bank, the Olivetti 351.

It stores information on floppy disks each of which can memorise fifty pages (and you can change disks in a second) so you can build up a filing system in negligible space.

Six disks and you have the whole of Kane and Abel. Another five and you have Jeffrey Archer's latest book of short stories, A Quiver Full of Arrows.

Jilly Cooper and her 231 typewriter.

check how I described him at various times over the last year, I'll tell the word processor to print out every word I've written about the

As my books have an historical background, they have to be accurate. If at the end of a book I find I've got a date wrong throughout, I can tell the machine to search out every wrong date and correct it.

I researched my latest book, 'Good Bye Mickey Mouse' for seven years, and used an Olivetti word processor as a sort of computer storing all relevant detail.

I had to write hundreds of letters to surviving USAF aircrew who served in Britain (often the same letter with one or two different paragraphs). The Olivetti printed them all, making amendments as 1 directed.

> I confess I do expect a high degree of service from big organisations, but look at it this way - if my word processor breaks down so does my business.

> I have to say that Olivetti's after-sales service is every bit as good as their pre-sales talk."

#### The cost of memories.

You can buy our machines for cash but nowadays most companies lease them. To give you a rough idea of the cost, Ernie Wise's 121 will set you back about £5 a week.

Jilly Cooper's 231 is twice that a week. leffrey Archer's 351 with the external memory will cost around £16 a week.

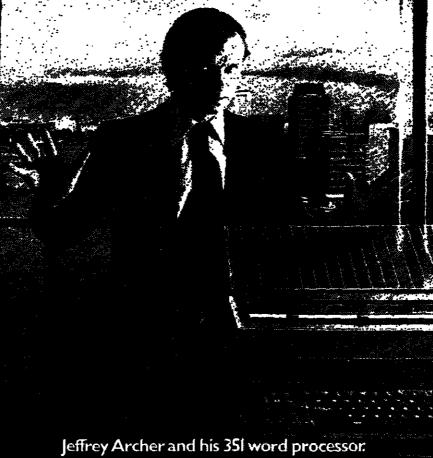
Len Deighton's ETS 1010 with keyboard and printer is in the region of £28 aweek.

Whereas our new, massive 1020 with, say, a 15,000 page memory, four work stations and daisy wheel printer works out around £145 a week over a five year period.

The relevant brochures are waiting here in their envelopes.

If you'll send us the coupon we will post them to you immediately.





In other hands, the same disks can store the entire house conveyancing documents; the usual will; insurance contracts, in fact, any standard letter or document.

All you have to do is tell the word processor what changes you need to make the document an individual one. Cleverly and speedily it will type in new names, new paragraphs, new headings, respacing the pages as it goes.

#### Good Bye Mickey Mouse. Hello Olivetti.

If Jeffrey Archer uses his secretary as a word processor, Len Deighton uses his word processor as a secretary.

He has our ETS 1010 with its VDU (Visual Display Unit) key-board and printer. And he uses it constantly. For example:

"If I'm describing a character I will put that piece of writing into a 'Save' file on the machine,

Each character has his own section. So whenever I want to



		Please send	me details of t		
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Send to Valen Limited, 86-8 Putney, Londo Telephone: (1	ne Belfer, British i 18 Upper Fischmo on SW15 2UR. 1-785 6666	Olivetti ond Rd.,	Hiv	ve!	tti

BY ARTHUR SANDLES

THE DOUBLE bed is making a ling together seem reluctant to to like a bit of spacious sleep-come-back. Hotels from Aberdeen to Albuquerque, Hong the group's new beds are the single bed. that travellers are returning to an old-fashioned habit—sleep-

The Holiday Inn chain was first to note the trend on an

"Over the past two years it has become particularly notice-able," says the biggest hotelier in the world, based in Memphis,

room, more and more we are finding that only one bed is slept in."

The trend is as strong in larger elly centre hotels as in The trend is as strong in luxury city centre hotels as in

"It is true. We are getting it is nice to be near. a very strong demand for double beds these days, people

are insisting on them, particularly American travellers," says London's glossy Bristol hotel.

Even Trust House Forte, always a little coy when there supply the hotel trade report is a hint of naughtiness, admits a move towrads the bigger bed, that the togetherness habit has that the togetherness habit has hit their properties as well. It seems that business travel-

lers are the ones who are really

into large beds. allowing executives to travel with their spouses; that execuera of an earthy acceptance that

"Larger beds are definitely increasing," said Mr David Micks, chairman of Bernard Hicks which supplies Trust House Forte, among others. "If Some hoteliers reckon it is you'd spoken to me seven-to-10 because more companies are years ago, the orders would have been higher demand for-beds which zip together, especially from the five star hotels."

Hotels in this country were moving towards the Continental metre-sized bed which is three inches wider than its British it is nice to be near.

The move has considerable economic implications, not least for bed makers and hotel room.

The move has considerable into 6ft 6in doubles. Some hotels were choosing 5ft-wide double beds instead of the old

4ft 6in, Mr Hicks added. London's glossy Bristol hotel.

A one-bedded room is easier

Crest Hotels, which has proto furnish, and it is easier to Staples, which supplies the perties up and down the English add a child's bed if parents grown to be bring offspring.

He find the find the find the find the supplies the prints grown to be bring offspring. bring offspring. there had been a considerable Even the solo traveller seems move towards the zipped bed.

#### Egon Ronay attacks theatre catering

BY ALAN FORREST

LONDON'S new Barbican arts centre is one of many UK theatres attacked for poor cater-ing standards in the new edition of one of Britain's leading good food guides, published today.

The 25th annual Egon Ronay Lucas Guide says the Barbican's Theatre is like awful, murky Waterside Restaurant serves water and the Circle Bar at the Waterside Restaurant serves water and the Circle Bar at the dismal food and says: "Cater-Royal Court is called drab and ing standards are deplorable at dirty. the world's finest theatres, the

the world's finest theatres, the food indifferent and inedible."

Out of 37 theatre buffets and restaurants surveyed, only two are given good marks. Hammersmith Lyric and the Greenwich Theatre, 22 were appalling or poor, the rest acceptable dirty.

Looking at the changes in hotels in his 25 years as a good guru, Mr Ronay says: "While hotels are now more efficiently run, as they have also become sadly have also become sadly

The guide rates the menu at Glyndebourne "ostentatious" The Ritz has slipped back from with the food varying from its last year's No 1 position in tasteless to overcooked. It describes the experience of eating at Liverpool Playhouse as filled with tea tables satisfy the unrelenting horror. hotel's accountant rather than

It says the tea at the National its guests, and reception and housekeeping are not what they used to be," said the guide.

The Ritz has now been over-taken by the Berkeley, Claridges, the Connaught and the Dorchester, which all tie as London's best.

Its entrance corridors "now

\*Egon Ronay's Lucas Guide. 1983, to Hotels, Restaurants and Inns, Great Britain and Ireland. Mitchell Beazley, £8.95.

#### Minet to hold inquiry into transfer

of premiums

MINET HOLDINGS, one of Britain's largest insurance browing groups, which is to be investigated by the Depart-ment of Trade, is to announce the composition of its own inquiry into its affairs

tomorrow. Minet's move comes after last week's concern at Lloyd's of London about the channelling of \$40m in the form of reinsurance premlums over a five-year period from under-writing syndicates under the management of PCW Under-writing Agencies, part of the

Minet group.
Lloyd's ruling committee
has organised its own inquiry
to establish the identity of the beneficial ownership of com-panies which received the reinsurance premiums in Liechtenstein, Guernsey, Gibraltar and the Isle of Man.

The money was channelled to these companies through insurance interests which have links with another insurance broker, Alexander Howden

As soon as last week's problems became apparent, Lloyd's chairman, Sir Peter Green, insisted that Mr John Wallrock, chairman of Minet

Wallrock, chairman of Minet Holdings, take over the executime chairmanship of the PCW agency company.

Minet is now attempting to identify the scale of the problems, but its task last week was hampered by the removal of 12 cases of documents from the agency company.

An underwriting agent.

An underwriting agent, Thomas R. Miller, which had introduced members of Lloyd's to PCW syndicates, had gained a court order against the chairman of PCW, Mr Peter Dixon, documents

included for discussion—loss of grant at the rate of 4p in the pound for each and every percentage point of spending over

ment finance away from Mr Michael Heseltine's Environ-ment Department, has again intarget. It accepts that this option has tervened to try to impose much no chance of success but intends it to act as a lever to ensure stiffer penalties on councils for overspending next year than Mr that the eventual inevitable compromise will be much tougher than if only Mr Hesel-The Environment Department has proposed that grant should tine's two options were avail-

be withdrawn from councils next year at the rate of 1p in the Annoyance pound for each of the first two Environment Department at percentage points of spending over the Government target. persistent Treasury interference is matched by Treasury annoyance about three years of Thereafter the grant loss would be either 3p or, in the failure to control local governmore severe option, 5p for each ment current expenditure.

percentage point of overspending. Unlike this year, there would be no limit to the amount An extra £1bn had to be added to this year's current expenditure targets for of grant which could be lost. realism" to take account of The Treasury has successfully the very large overspending and

THE TREASURY, which has insisted that a third option be £900m has been included for been mounting an increasingly included for discussion—loss of 1983-84. Unlimited grant loss could

Treasury aims to penalise councils

leave many councils with no bills in an election year, something the Government is anxious to avoid. Any compromise involving more than a 1p penalty
for the first two points of overspending will be an outright
Treasury victory.

Mr Heseltine has included a

mild penalty for the first two points over target to ease an empartssment caused by another hardline approach from the Treasury, Councils have two contradictory targets each year; the Government's cash target and the Government's assessment of how much money a council needs to spend to provide a standard level of services (grant related expenditure

over target but under the as-sessment have been exempted from penalty at a cost of obout grant. This could put hundreds £700m. Mr Leon Britan, of pounds extra on some rate Treasury Chief Secretary, insisted the exemption had to go

in the deal for 1983-84.

Mr Reseltine accepted the deal, expecting furious attacks from the shire Tories, key supporters in an election period, which would enable him to return to Cabinet to argue that the exemption would have to be

allowed.
To his surprise the coordinated backlash failed to
materialise. But Mr Reseltine wants to avoid the shire Tories being blamed for high rate rises. His proposed 1p penalty for the first two points over target would take in most Tory counties' expenditure levels over target in 1983-84 and is a

#### Government backs action | New agreement close to curb video pirates

ACTION against video pirates sides of the Commons feel and moves to liberalise Sunday shopping laws are likely to be pressed by Government minis-sters on MPs successful later this week in the ballot for private members' Bills.

successful campaign to wrest responsibility for local govern-

The ballot will also be closely watched 'by the Consumers' Association and the National Consumer Council, which have been particularly successful in recent years in having their proposals taken up by MPs high on the ballot and then enacted. Only those MPs winning the first few places in the ballot stand much chance of their

proposals becoming law.
There is the added complication this session of the possibold this session of the possi-bility of an early summer election next year. This would certainly kill almost all such Bills before they had completed their legislative passage. Several members from all

strongly about "video nasties," especially of a pornographic or violent nature, and about the piracy of copies of films and television programmes on video. Sunday trading is a much

several attempts to remove restrictions have failed because of the opposition of sabbatarians and MPs supporting USDAW, the shopworkers' union. Mr Timothy Raison,

Minister of State at the Home Office, said last week that the Government would give tacit support to any private member's Bill to allow Sunday trading and longer shop opening hours.

#### Michelin staff denied pay rise

MORE THAN 6,000 workers at the Michelin UK tyre company at Stoke on Trent were told at the weekend that the company the weekend that the company could not afford to pay their annual wage increase this January. Michelin suffered a £2.6m pre-tax loss in the first six months of this year and 4,500 of the workforce are already on four-day working.

The company said, "everyone has been informed of the situation. Sales are depressed and we can't see any immediate improvement."

# on nuclear installations

BY DAVID FISHLOCK, SCIENCE EDITOR

MAJOR new international initiative involving Britain and the U.S., to guarantee that civil nuclear installations are not used to make nuclear weapons materials, is near agreement.

Mr James Devine, deputy assistant secretary for state for nuclear energy, on a visit to London, said six nations were planning gas centrifuge enrich-ment factories—the UK, West Germany, the Netherlands, Australia, Japan and the U.S. They, with the inspectorates of Euratom and the International Atomic Energy Agency, are par-ticipating in the Hexapartite safeguards project.

He said: "Much progress has been made, and we hope to be able to announce the successful conclusion of this project early

It is thought that the Hexapartite project has pinpointed all the critical components and test equipment required in set-ting up gas contrifuge factories. This is needed to strengthen assurances against their purchase by nations which refuse to accept full-scope safeguards on their nuclear facilities.

The U.S. is also trying to persuade all nuclear supplier nations to accept that a poten-tial customer for the critical parts and equipment must first agree to full-scope safeguards.

Government has lost none of its confidence in full-scope safeguards. This hints at a readiness to be scrutinised by inter-national inspectors since its IAEA general conference walk-out in Vienna in September. Mr Devine said that the walk-out came because the U.S.

feared the agency was becoming so "politicised that it would soon be unable to apply inter-national nuclear sateguards effectively."

He stressed that the Reagan administration was just as com-mitted to the prevention of the spread of nuclear weapons as the previous administration.

The U.S. is working to tighten export controls, to promote broader acceptance of safe guards to urge meaningful actions when agreements are violated, and to strengthen the International Atomic Energy

A Soviet delegation on nuclear safeguards is visiting Washington next month. Although the USSR did not support the U.S. in Vienna, its position on nuclear proliferation has been more firm and consist-

ent than that of the U.S. It is thought that the U.S. will discuss with the Soviets the consequences of its walk-out. As its major contributor, the absence of the U.S. would be a severe blow for the agency's Mr Devine said the U.S. safeguards programme.

Change a manager who puts you in your place for one who puts himself in your place.

When did you last see your bank manager?' asks Bill Wagstaff.

'It's not usually much fun seeing the bank manager. Rather like a visit to the dentist - a painful necessity. We're well aware of this at Williams & Glyn's, and we regard it as a totally unnecessary state of affairs. Which is why we go out of our way to make sure our relations with our customers are as relaxed and pleasant as possible. We enjoy meeting them, and we want it to be mutual.

'Admittedly we're lucky, in the sense that we're smaller than the other main clearing banks, and we believe in keeping our branches to a manageable size, too. This results in a number of special advantages of which we're very conscious and determined not to lose.

'Our management and staff have time to treat their customers as individuals with individual needs. And this applies to all customers, big or small, business or personal. Our managers like to see things from the customer's viewpoint, put themselves in the customer's place. And this can apply quite literally in the case of business customers because our managers believe in visiting them on their own-ground, to ensure a really good understanding of the particular business and the kind of financial problems and opportunities that can be anticipated. This is particularly important to small businessess in the early stages of their development, and Williams & Glyn's is

uniquely placed to play its very active role in this If you run your own business you'll find this booklet interesting.

It's called A Topical Look at Small Businesses and it's produced by our Business Information Service. It's designed to provide small business proprietors with ideas on how to become more efficient, maximise profits and reduce tax liabilities, and includes useful information about Government schemes, enterprise zones, counselling organizations and special bank facilities, together with general advice on the day-to-

FOR A FREE COPY CALL IN AT ANY WILLIAMS & CLYN'S BRANCH, OR SIMPLY POST THE FREEPOST COUPON BELOW.

day running of a business. Alternative Bank.

NO STAMP REQUIRED Post to Williams & Glyn's Bank plc. Dept. BIS FREEPOST LONDON SEL 78R.

<u>Name</u>

TITLE COMPANY ADDRESS

# IDEAS THE CBI MIGHT HAVE CONSIDERED

Nearly all the proposals put up by the CBI at its conference involved Government expenditure of a non-returnable kind. How much more effective it would be for industry to put forward ideas that cost the Government nothing or which bring a return in quicker time. We feel that if one small company can make some positive suggestions in its own area of operations, then there could be a flood of similar proposals from British industries at large.

We suggest:-

#### 1. Cable Television

Action Legislation needs to be passed now. The electronic manufacturers could start making the necessary equipment immediately. Data and communications users could be planning many additional services.

Result No expenditure-plenty of jobs.

#### 2. Multi Cellular Radio

A Whitehall decision for the free enterprise go-ahead is required now. If the right decision is taken it will open up the U.S. market worth \$1,000m a year to British manufacturers.

Result No expenditure—plenty of jobs.

#### 3. Off Peak Goods Delivery

Proof positive exists that computer stock control and good communications mean smaller inventories and deliveries packed into fewer hours. The savings of working at non-congested times would be enormous.

Action Required now is legislation to allow all deliveries in non-business hours.

Result No expenditure—plenty of jobs.

Industry, over to you!

# **NEB** improves performance in first half

BY JOHN ELEVOIT, INDUSTRIAL EDITOR

THE National Enterprise Board substantially improved its financial performance during the The cut in the consolidated first half of this year, reducing its loss before taxation to £5.1m from £11.9m in the first six months of 1981.

This was partly the result of disposing of its problems in the Nexos office systems subsidiary which had a loss of £4.7m pretax in the first half of 1981.

These results are published this morning in the consoli-dated profit and loss account of the board, which is part of the British Technology Group.

The accounts of the NEB, which only include the actual profits and losses of its direct investments, showed a profit before tax of £2.1m compared with a profit of £3.5m in 1981. Sir Freddie Wood, chairman of the board, said last night: "Although it is unfortunate that the NEB's companies continued to make a loss in the consolidated accounts, I take some comfort from the fact that the loss before tax was less than

despite Continued heavy expenditure on Inmos, the microchip subsidiary whose development expenses appear in the accounts as a loss of £10.7m before taxation compared with a loss of £5.4m in 1981.

a loss of £5.4m in 1981.

Inmos is now approaching a cash crisis and urgently needs about £10m from the NEB or some other source. Discussions are now taking place between the board and the Government on how this can be achieved.

One option is for the board to sell its stake in United Medical Enterorises. 2 private cal Enterprises, a private hospital company, whose profits in the half year rose to £5.6m compared with £4.7m in the same period of 1981.

Data Recording Instrument's losses dropped from £4.6m to £1.1m and British Underwater Engineering, which makes sub-mersible vessels, went from a loss of £1.9m to a profit of £800,000.

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	for the	six m	onths to	30	June	1982	(unaudite	d
							ACCOU	
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· · · -	£m	
Turnover -	66.4	59.2
Operating loss before interest (after chargi deprecation £4.1m; 1981 £4.1m) Share of losses of associated companies	ng (5.0)	(142) (.8)
interest payable less (receivable)	(5.6) (.5)	(15.0) (3.1)
Loss before taxation Taxation	(5.1) 2.8	(11.9) 5.1
Loss after taxation Minority interests	(7.9) (1.0)	(17.0) (.2)
Loss before extraordinary items Extraordinary items (see note)	(8.9) .1	(17.2)
Loss after extraordinary items	(8-8)	(15.6)
NOTE Extraordinary items comprise:		
Profit on translation of overseas assets and liabilities  Formation Expenses	-1	1.7 (.1)
•		7.6

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isiness News Summary, Tele preceded by the appropriate area code valid Birmingham, Liverpool and Manchester).

#### **ABTA** aims to attack discount airline

companies By Arthur Sandles
AIRLINES which offer discounted tickets through
bucket shops face the prospect of an official blacklist
circulating among High
Street retailers in Britain.
Although it is illegal for
trade associations to organise
boveate of suppliers in the boycett of Suppliers in the UK, the Association of British Travel Agents is compiling a list of offending airlines and will make it available to members who may take any

action they choose.

Mr Gerry Fernback, ABTA
retail council chairman, said:

"We hope that at last we can get to grips with discount sirline tickets. It is time we showed very clearly that we are going to support those airlines that have an intelliairlines that have an intelli-gent marketing policy." "In-telligent marketing refers to those airlines that publish tariffs and stick to them.

Mr. Fernback said he did not think much of the recently amounced British Airways and TwA lower fares on the North Atlantic route. He said to reduce fares when business was so bad was "simply ridiculous."

Behind the renewed attack on bucket shop tickets is the general travel agency concern about falling margins. Al-though there are more travel-lers than ever, they are

though there are more travel-lers than ever, they are speading less on their trips. Eand holiday prices are not rising as fast as inflation. Thus, travel agents who sur-vive on a fixed percentage commission are receiving a decreasing income.

decreasing income.

The situation is made worse by the late booking trend. Mr Ivor Eims, ABTA President, speaking at this year's ABTA convention in Cames, said there was "an unprecedented rush from consumers for August and early September packages" this year. Without money in the bank early in the travel year, travel agents and tour operators suffer cash flow problems which puts further pressure on their margins.

The margin problem is likely to preoccupy delegates likely to preoceupy delegates at the conference which con-tinues this week. Delegates are likely to be told that ABTA is negotiating with the airlines to produce a scho whereby money is paid in advance by tour operators and travel agents would be

trading. There is no doubt that many of the delegates in will be fewer airlines in existence this time next year.

James McDonald writes;
Expanding business travel has offset partially a declin the past five years in the volume of tourists at the world's leading hotels, according to the latest annual survey by Horwath and Horwath International, hotel consul-

The survey, based on a worldwide sample of nearly 600 hotels shows that the percentage of guests travelling for pleasure dropped by more than 21 per cent in 1981 from

1980.

"As a result, hotels exverienced a 3 ner cent drop
in occupancy last year compared with 1980, which itself experienced a 9 per cent fall over the urevious year." In the five years from 1957 to 1981, the survey shows an average annual rate of de-cline in the tourism business at hotels of an 9.4 per cent."

#### **OBITUARY**

Lord

Netherthorpe LORD NETHERTHORPE, the 46-year-old former businessso-year-out former business-man Mr Andrew Turner and Dalgety chief executive, died in a car accident ou Novem-ber 4 only days after being appointed part-time director of Britail.

or Briton.

Educated at Rugby and
Cambridge and a chartered
accountant by training, he
joined merchant bankers
Lazard Brothers in 1961 after Lazard Brothers in 1961 after three years with Peat Mar-wick Mitchell. Seven years later he became head of the bank's corporate finance and was appointed a non-executive director of Dalgety.

In 1971 he was made an executive director of Lazards but a year later relinquished his executive function to

his executive function to become executive vice-chairman of Dalgety. His first task at Dalgety was to fend off a lakeover approach from Ralli, when Dalgety had a market value of only £15m.

He was appointed group chief executive in 1975 and before leaving this post at the end of 1981, he oversaw the acquisition of Spillers by Dalgety whose market capitalisation had grown to £250m.

Lord Netherthorpe, who succeeded to his father's title in 1980, returned to Lazards this year as an executive director. He was also for 10 years a non-executive director of Babcock International and at the time of his death he held non-executive director-ships with BNOC, Dalgety, and the U.S. Debenture Corp.

# World's biggest oil platform is brought on stream

duction platform has been brought on stream in the North Sea to provide an important boost to UK and Norwegian

oil and gas supplies. The fl.lbn Bravo platform of revenue of well over film a day through the daily production of 55,000 barrels of oil. At peak production early in 1984, the platform should be producing about 180,000 barrels a day. The field straddles the median lipe of the North Sea with the mainting of reserves—estimated majority of reserves estimated to be some 84 per cent of the total-allocated to a Norwegian ortium of companies, led

THE WORLD'S biggest oil pro- Ray Dafter reports on the North Sea's £1.1bn luxury floating hotel

oil corporation with the biggest accommodation units. In their cost are directly associated with stake in the field, claims that the platform, weighing well over 800,000 tonnes, is the the UK-Norwegian Statiford heaviest man-made object ever Field is currently earning gross to have moved on the face of the earth. Although made of concrete the structure contains enough reinforcing steel to build three more Eiffel Towers. But the platform is not only big; it is also luxurious by off-shore oil industry standards. Some seasoned oil men claim that the 700 currently employed on the Statfjord Bravo

project are being pampered. The platform operators wear y Mobil: special shoe covers, to protect Statoil, the Norwegian state the wall-to-wall campet in their

ferent film each day in their cinema, keep themselves trim in the exercise room, relax in one of the platform's saunas, or dance in the disco.

Dances are held once a fortnight on the floating hotel berthed alongside the platform. It is a mixed social as about 50 women are employed on Statiord Bravo, And, though there is no alcohol, it is easy to feel slightly tipsy on a floating hotel, rocking in waves lashed by near-hurricane force winds.

Senior officials on the project estimate that only 15 per cent of the structure's weight and

spare time they can watch a dif-oil and gas production. The ferent film each day in their remainder is needed for support services.

> Companies now are beginning to ask how long they can afford to build and service increasingly sophisticated off-shore production units with oil prices likely to fall in real

build a pipeline to carry natural tions, is entitled to demand gas from the UK portion of the that all gas produced in the field. Oll is taken from the British sector be sent to the field by tankers, and gas in the UK.

Norwegian part of the field is to be carried to Germany by means of a new pipeline. At present commercial quantities of gas produced from the field are being re-injected into the reservoir while the pipeline is being built.

The consortium has the option of either building a special pipeline for the UK gas, thought to amount to about 12bn cubic metres, or they can But the Statfjord consortium along with the Norwegian of companies has more pressing matters on its mind. It must Britis! Gas wants the UK share soon decide whether or not to and under Government regula-build a pipeline to carry natural tions, is entitled to demand

#### Industry looks for stimulus as heavy vehicles sales remain low

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SALES of heavy commercial in October 1981-4,079 comchicles (over 3.5 tonnes gross weight) showed no sign of moving out of the doldrums in October. The industry hopes the Government's announce-ment that the maximum per-mitted weight of trucks is to be lifted from 32.5 to 38 tonnes will stimulate the market.

However, the determined opposition the legislation faces from some quarters means customers are unlikely to place major new orders until the measure has been passed by Parliament. The industry will be pushing Mr David Howelt, Transport Minister, to bring the legislation forward as fast from 31.4 to 30.2 per cent.

Statistics from the Society of market was they for light vans Motor Manufacturers and Traders show that in October 50,303 to 54,976 in the 10 registrations of commercial months. Sales of medium and vehicles over 3.5 tonnes gross ran at about the same level as cent from 84,019 to 89,843.

pared with 4.062 For the first 10 months of the year sales were 1.16 per cent ahead of those in the same period of 1981, at 38,344 against 37,902. The 1981 figures were the worst for 30 years.

Total commercial vehicle sales in October rose nearly 4 per cent, from 19,275 to 20,027, and for the first 10 months were 5.2 per cent higher, at 195,260 against 185,584.

The importers' share of the market during October fell from 35.4 to 30 per cent while in the 10-month period it was down

The most buoyant part of the

UK CAR REGISTRATIONS								
		Oct	tober			January-October		
•	. 1982	%	1981	%	1982	`%	1981	%
Total UK produced	58,503	44.87	47,591	42.94	578,927	42,12	583,693	44.1
Total imports†	71,894	55.13	63,237	57.06	<b>795,481</b>	57.88	739,067	55.87
Total market	130,397	100,00	110.828	100.00	1,374,408	100.00	1,322,760	100.00
Ford*	42.549	32.63	37,618	33.94	413,689	30,10	403,975	30.54
8L*	22,749	17.45	18,671	16.85	246,178	17.91	256,811	19.4
General Motors— Vauxhall-Opel*	16,577	12.71	8,873	8.07	158,505	11.53	109,120	8.21
Peugeot Group-								
Taibot*	3,214	2,46	4,576	4.07	51,079	3.7 <del>0</del>	62,530	4.77
Citroen	1,601		2,151		21,711		24,101	
Peugeot	2.281		7,758		17,429		15,893	
Total Peugeot	7,096	5.44	7,825	7.06	90,219	6.56	102,524	7.75
Datsun	8,269	6.34	4.921	4.44	84,720	6.76	81,718	6.78
WY-Audi	7,406	5.68	7.341	6.44	81,593	5.94	73,053	5.57
Renault	4,512	3.46	4,654	4.20	57,981	4.22	63,820	4.82
Volvo	3,723	2.86	4,045	3.67	45,471	3.31	38,822	2.93
Fiat Auto	3,150	2.42	5.851	5.28	43,620	3.17	55,535	4.20
<ul> <li>Includes cars from</li> </ul>	companies' C	Continental	associates v	which are	not included	I in the to	otal UK figur	es.

includes imports from all sources including cars from the Continental associates of UK companies.

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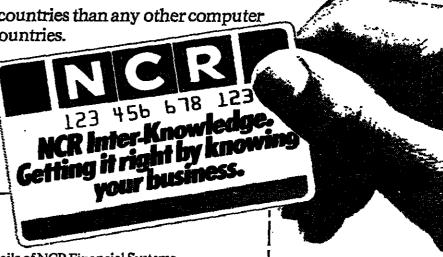
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FINANCIAL SYSTEMS DIVISION

OUTPUT, UNEMPLOYMENT AND INFLATION

#### Inflation could fall to $3\frac{1}{2}\%$ says broker

THE ANNUAL inflation rate could fall to as little as 32 per cent in the spring, according to projections from James

Capel, broker.
However, Capel says this rate would be achieved only if economic activity remained very sluggish and if the Chancellor decided not to increase duties on tobacco d alcohol in the spring

budget. The broker believes it is more likely that consumer spending will pick up next year with a total increase of 31 per cent by volume for the year as a whole. On this assumption the inflation rate is expected to be about 41 per cent by May, or just more than 4 per cent if excise

dulles were left unchanged.
After the spring, according to its November Economic Assessment, Capel expects inflation to accelerate again to reach a rate of 71 per cent hy the end of next year and 7.8 per cent by the fourth quarter of 1984.

Capel's views about the trend of inflation are broadly in line with those of most independent forecasters and staniand Hall, economic consultants, whose quarterly forecast is published today. Staniand Hall expects the inflation rate to fall to a low of 62 per cent in the second quarter of next year but to

rise after to an annual rate of 9 per cent in the first half Both expect unemployment to rise next year.

# Output likely to rise from 1983

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE British economy has remained in recession this year but output should start to grow from the beginning of 1983, the ondon Business School's Centre for Economic Forecasting says in its October Outlook published

The centre's expectation of recovery is based on its view that the authorities in the UK and the U.S. are adopting a policies and it believes world demand is to expand.

The centre expects output to rise in the current year by only 0.3 per cent, compared with last year's level. This is in spite of industry no longer running down stocks and a considerable boost to demand from people spending more in relation to

savings.

The centre says: "However, it is foreign output which has benefited most as imports have surged on the back of a strong exchange rate. At the same time the double-dip world reces-sion has hit UK exports which

are losing market share.

The tightening of monetary policy in the autumn of last the centre says. It was also slowed by the involuntary tightening of fiscal policy when large amounts of tax were re-couped after the civil servants

The centre believes that a recovery in the world economy will depend critically on the policies of the major countries. It says the unexpected pause in the world's recovery in 1981-82 is similar to that which occurred in 1976-77.

However, the forecasters warn

U.K. economy would grow, in 

Public investment has been spite of encouraging signs last cut.

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assets.

1982	1983	1984	1985	1986
, <u>_</u>				
0.3 ( 1.0)		20 ( 22)	1.7 ( 7.6)	2.1
0.3 ( 0.6)	2.0 ( 1.9)	1.4 ( 1.2)	1.4 ( 1.2)	1.9
-0.9 ( 0.4)	3.5 ( 6.1)	3,3 ( 3,8)	28 ( 25)	4.1
			2.4 ( 1.7)	3.2
				3.2 9.9
				13.6
(,		,	• •	
8.0 ( 8.8 )	9.7 ( 9.6)	9.8 ( 8.4)	10.3 ( 8.6)	8,5
(,				
29 ( 2.9)	3.2 ( 3.1)	3.2 ( 3.1)	3.2 ( 3.0)	3.1
	•		• •	
25 ( 22)	15 ( 29)	0.1 ( 3.7)	-0.2 ( 4.8)	-0.1
	0.3 ( 1.0) 0.3 ( 0.6) -0.9 ( 0.4) 3.7 ( 8.5) 8.5 ( 9.4) 10.9 (10.9) 8.0 ( 8.8) 2.9 ( 2.9)	0.3 ( 1.0) 2.0 ( 2.8) 0.3 ( 0.6) 2.0 ( 1.9) -0.9 ( 0.4) 3.5 ( 6.1) 3.7 ( 8.5) 3.8 ( 5.4) 8.5 ( 9.4) 6.8 ( 7.4) 10.9 (10.9) 11.7 (11.8) 8.0 ( 8.8) 9.7 ( 9.6) 2.9 ( 2.9) 3.2 ( 3.1)	0.3 ( 1.0) 2.0 ( 2.8) 2.0 ( 2.2) 0.3 ( 0.6) 2.0 ( 1.9) 1.4 ( 1.2) -0.9 ( 0.4) 3.5 ( 6.1) 3.3 ( 3.8) 3.7 ( 8.5) 3.8 ( 5.4) 4.2 ( 3.1) 8.5 ( 9.4) 6.8 ( 7.4) 8.4 ( 9.1) 10.9 ( 10.9) 11.7 ( 11.8) 10.5 ( 11.6) 8.0 ( 8.8) 9.7 ( 9.6) 9.8 ( 8.4) 2.9 ( 2.9) 3.2 ( 3.1) 3.2 ( 3.1)	0.3 ( 1.0) 2.0 ( 2.8) 2.0 ( 2.2) 1.7 ( 1.6) 0.3 ( 0.6) 2.0 ( 1.9) 1.4 ( 1.2) 1.4 ( 1.2) -0.9 ( 0.4) 3.5 ( 6.1) 3.3 ( 3.8) 2.8 ( 2.5) 3.7 ( 8.5) 3.8 ( 5.4) 4.2 ( 3.1) 2.4 ( 1.7) 8.5 ( 9.4) 6.8 ( 7.4) 8.4 ( 9.1) 9.3 ( 11.2) 10.9 ( 10.9) 11.7 ( 11.8) 10.5 ( 11.6) 11.3 ( 12.8) 8.0 ( 8.8) 9.7 ( 9.6) 9.8 ( 8.4) 10.3 ( 8.4) 2.9 ( 2.9) 3.2 ( 3.1) 3.2 ( 3.1) 3.2 ( 3.0)

They believe consumer spending, by contrast, is providing the main increase in demand.

mitted to lower taxes and the cut two percentage points off next election is approaching; the standard rate of income tax because cutting taxes is an attractive way of securing an increase in demand without a rise in real wayes that could furtile present official rate). crease in demand without a rise in real wages that could further threaten profitability and employment; and because there appears to be scope for lower taxes while maintaining year helped to dampen growth, the broad objectives of the the centre says. It was also Medium Term Financial Medium Strategy,"

They believe the room for manoeuvre in the next Budget has been increased by the recent tendency for the public sector borrowing regulrement to undershoot its target.

The easier trend of public borrowing has resulted from several factors: • Public sector price and wage increases have been at or be-low the national average. that a world recovery would be Employment in the public insufficient to ensure that the sector has been stabilised.

put have been offset by buoyant revenues from North Sea 01l. 10 per cent in 1986. This com-The LBS believes the Govern- pares with the Government's

believe that tax cuts will occur sumption and investment next because the Government is com- year. It should also be able to its present official rate).

The forecasters expect the fall

in interest rates to push the growth of the money supply to the top of its target range this year or perhaps over the top. It also expects the exchange rate of sterling to fall.

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year that UK recovery was • The depressing effect on annual rate of 6.8 per cent next being led by exports and invest- government revenues of low out- year. However it expects the rate to drift upwards to nearly main increase in demand. ment should be able to allow most recent forecast that retail. The forecasters say: "We some increases in public con- price inflation will have fallen to an annual rate of 5 per cent

by next spring.
Company profits, which fell this year after a sharp recovery from very low levels last year, are expected to rise.

The centre concludes: "The price of the profit recovery is a continued fall in employment. As long as the real wages of those those in work continue to increase, the necessary shift of national income from wages to profits can only be achieved by shedding labour."

of sterling to fall.

It says the pound is likely to be helped downward by weaker real oil prices and a deteriorating balance of payments current account.

Total exports are forecast to recover from their 1 per cent decline this year and to grow by 3½ per cent next year. However, imports are forecast to rise even faster than exports.

The centre bases its forecast on the assumption that fiscal and monetary policies will be appreciably relaxed compared with the assumptions in the decline this year and to grow by 3½ per cent next year. However, imports are forecast to rise vol. 7 No. 1 October 1982 from London Business School Centre for Economic Processing.

The centre has revised its for Economic Forecasting, projections for inflation down-wards significantly since its House, Croft Road, Aldershot, June forecast.

London musiness across Capture Forecasting, for Economic Forecasting, Gower Publishing, Gower Wards significantly since its House, Croft Road, Aldershot, Hampshire GU11 3HR. Sub-It believes consumer price in- scription £75 (Europe \$160, flation will fall to an average other countries \$200).

#### Co-op plans own code tor pensions

THE Co-operative movement intends to issue its own code of practice on pension schemes to apply to the 150 schemes operated by its various sncieties.

The central co-ordinating body on pensions, the Co-opera-tive Union National Superan-nuation Committee, has begun talks which would result in

There is growing pressure from many organisations, including the TUC and the Occupational Pensions Board for comprehensive legislation on

pensions.
Such a Pensions Act would cover such matters of rights of members, disclosure of information, solvency of schemes and investment policy. The National Association of Pension Funds is opposed to such legislation. Mr Brian Holden, the Co-operative Union's superaunua-

tion officer, said that, if the pensions movement falled to agree on an accepted practice, there was a real risk of legislation being forced on schemes.

#### BIBA calls for licence reforms

THE British Insurance Brokers Association has urged the Department of Trade to exempt the majority of insurance brokers from the new proposals

n licensed dealers. The Government's intention to protect consumers by seeking more stringent controls over the activities of dealers in securities is welcomed by the BIBA. But a distinction needs to be drawn between the few insurance brokers who provide discretionary investment man-agement and the vast majority who merely offer occasional advice to clients relating to authorised unit trusts.

BIBA points out that insurance brokers are already statutorily registered under the Insurance Brokers (Registra-tion) Act 1977 and therefore

#### Choice of town chief assessed

AN ENGLISH university lec-turer is being allowed to attend private meetings and read confi-dential minutes as a Labour council chooses a new chief

Mr Alan Alexander, lecturer n politics at the University of Reading, is to observe Stirling District Council select a replace ment for Mr Donald Bowie, its chief executive, who retires in

Mr Alexander has stressed the absolute confidentiality with which he would treat information. He has been awarded a research grant by the Nuffield Foundation to find out how chief executives are selected.

Mr. Cyril Warmington Deputy Chairman of Reed Group Limited sisco 1978, has retired on reaching retirement age. When he left the company on 3rd November he had completed 27 years with

made a major contribution to the U.K. paper and board industry, serving as a Member of Council and Chairman of the Commercial Board of the British Paper and Board Industry Federation, He was awarded the Paper Industry Gold Medal in 1974,

# Scope for cutting unemployment underlined by economists

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE GOVERNMENT has a much greater scope for choice between promoting lower un-employment and lower inflation than Treasury Ministers have suggested, says a special article in the latest issue of Outlook. The article, by Professor Alan Budd, director of the LBS

Centre for Economic Forecast-ing, and Dr Geoffrey Dicks says that although inflation may be a cause of unemployment in the long term, there is "an in-escapable short-term choice to be made between reducing unemployment and reducing infla-

In the long term they say that high inflation may have made the economy less efficient than it would otherwise have there is a strong case for reducting inflation because companies there is little long-term choice.

may be less likely to invest to be made between high unduring periods of financial employment and high inflation, instability. removes the short-term policy

They comment: Those costs cannot be attributed entirely to the Government's counter-inflationary policy, but we would now recognise that there is considerably more inflexibility in the UK labour market than the formarky believed. It is we formerly believed . . It is proving very difficult to reverse the inflationary expectations of

November ... Inflation GDP Unemploy Inflation GDP % change % change — 1.1 1.3 15.5 — 2.9 0.2 1.5 11.2 — 2.5 0.3 10,9 it is wrong to argue that this

October 1982 Inflation GDP Unemploy-

flowever, they say that although high inflation since the war probably has contributed to the rise in unemploy-ment, there are other causes at

Consequently, they say: "The ending of inflation on its own is unlikely in our opinion, to

#### BUSINESSMAN'S DIARY

#### UK TRADE FAIRS AND EXHIBITIONS

		7
Current	The Kensington Antiques Fair (04868 22562) (until	
	Nov 8)	Kensington
Nov 7-10	Camping and Outdoor Leisure Exhibition (Ruislip	• •
	34191)	Harrogate Exhibition Centre
Nov 10-20	Indian Trade Exhibition (01-836 8484)	Olympia
Nov 11-21	Caravan Camping Holiday Show (01-222 9341)	Earls Court
Nov 12-14		World Trade Centre
	(02556 6534)	St Katherine's Dock
Nov 13-21	Daily Mail International Ski Show (0634 47111)	Earls Court
	Advanced Technology and Automation Exhibition	the court
	(01-739 8973) in tandem with Times and	
	Sunday Times Business to Business Exhibition	•
	(01-729 0677)	Belle Vue, Manchester
NT 14 1F	International Furniture Show (01-724 0851)	Birmingham
MOA 14-11	Harte and Catara at Ward Paritide (04 840 9400)	Wembley Conference Centre
	Health and Safety at Work Exhibition (01-688 7788)	
Nov 16-18	The Industrial Corrosion Prevention Exhibition	* C1 TT-4-1
	Correx '82 (01-835 7777)	Cunard Hotel
NOV 16-19	Compec Exhibition (01-643 8040)	Olympia
Nov 24-25	Business Equipment and Services Exhibition	
	(0202 20533)	Holiday Inn. Bristol
Nov 25-27	Northern Computer Fair (01-643 8040)	Bell Vue, Manchester
Nov 29 Dec 4	Public Works Exhibition and Congress '82 (01-637	
	2400)	Birmingham
	.World Travel Market Exhibition (01-643 8040)	Olympia
Dec 6-10	Royal Smithfield Show and Agricultural Machinery	_ <del>_</del>
	Exhibition (01-235 7000)	Earls Court
Dec 7-9	North of England Electronics Exhibition	
:	ELECTRO-NORTH (08823 4371)	Harrogate Exhibition Centre
	The Information Technology and Electronic Pub-	
	lishing Exhibition (Oxford (0865) 73027)	Cunard Hotel
Der 9-10	UK Tax Congress and Exhibition (0403 56113)	Wembley Conference Centre
	and and another with without for force and an	

#### OVERSEAS TRADE FAIRS AND EXHIBITIONS

rrent	Middle East Construction and Municipal Services Exhibition (01-835 8200) (until Nov 10)	Jeddah Expo Ce	nt
v 9-13	Seventh International Sheet Metal Working Exhibition (0727 63213)	Essen	
9-13	International Trade Fair for Computers and Assemblies in Electronics—Electronica (01-486	•	
- 17.10	1951) Middle East Building and Construction Industry	Munich	
(1218 (1216))	Show and Conscrence (01486 1951)	Bahrain	
15-22	Show and Consumers (01488 1951) International Fair of Machinery and Techniques For the Meat Industry MATIC (01438 3964)	Paris.	
21-23	International Footwear and Leather Goods Exhl- bition (28.27.92-21.58.67)	Florence	
7 30-Dec 2	Telecommunications Exhibition and Conference		
	(01-486 1951)	Hong Kong	
	materials and logistics—Intermat (01-730 4645)	Dusseldorf	
6-11	International Electrical Equipment Exhibition (01-439 3964)	Paris	
8-13	China Handling and Transport Equipment Exhibition (021-705 6767)		
	EXTIDITION (UZ1-103 0/8/)		

#### BUSINESS AND MANAGEMENT CONFERENCES

Nov 9	The Industrial Society: Employment Act 1982 and prospects for future industrial relations	
Nov 10.12	legislation (01-839 4300) IGC: Modern coating methods (26.48.75)	Inst Civil Engineers, SW Amsterdam
Nov 10-13	Keplinger: Symposium on oil and gas investment	(Initial Carlotter
	and technical seminar on marginal oilfields	
•	(01-584 4351)	InterContinental Hotel, V
Nov 11-12	Oyez IBC: International correspondent banking	
	(01-236 4080)	Royal Garden Hotel, W8
Nov 15-16	CREPA Multinationals in transition (33.1	
	274.25.10}	Paris
YOV 16-17	IPC: Fast Food Conference 82 (01-643 8040)	Brighton
NOA 18-18 ·····	ICST: UK national corrosion conference, Watford	a
No. 17	(0932 47811)	Cunard Hotel
NOT 17		•
•	cations on employment and pensions policy (01-487-3418)	Cambridge
Inv 92.93	RIBA: Effective professional marketing of archi-	Cambridge
104 2220 11111111	tects: services (C1-637 8991)	Birmingham NEC
iov 22-23	Monadnock: Business in Saudi Arabia and the	Distribution 14DO
	Gulf, Settlement of disputes (01-262 2732)	Press Centre, EC4
Tov 24	BIM: The flexi-job revolution. Job-sharing in	
-	practice (05363 4222)	Café Royal, London, Wi
70∀ 24-26	International Management Foundation: First world	
	congress on employee relations (Bedford	•
	(0284) 48338)	Barbican
io⊽ 25	The industrial Society: Control and communent in	•
	the City (from Falklands to finance) (01-839	D
I	4300) TUA: Telecommunications liberalisation—the latest	Butchers Hall EC1
ec 2	phase (01-737 2425)	Grosvenor House. W1
nen 9	Kenyon: The effect of information technology on	Painter's Hall, EC4
	office staff—implications for employment (01-	Pardiers Man, Los
	487 3418)	
ec 13-14	FT Conference: European business forum-policy	
		Rome

wishing to attend any of the above events is advised to telephone the organisms ensure that there has been no change in the details published.

#### Financial Times Conferences

PRIVATE HEALTH CARE IN THE 1980s ondon—November 18 and 19, 1982

This conference will now not take place following the collective withdrawal of the Provident Associations from the speakers platform.

EUROPEAN OFFSHORE—THE BUSINESS OPPORTUNITIES Oslo-November 29 and 30, 1982

European Offshore-The Business Opportunities is the theme of a major conference the Financial Times and Norwegian Journal of Commerce and Shipping are to stage in Oslo on November 29 and 30. Mr Christopher Audland, Mr. Poter Gaffney, Mr Hans Henrik Ramm, Mr H. Bjoentegaard, Mr H. van Dijk, Mr Jack Perryman; Mr R. S. Nicolaas and Mr William Pierce will be among the

WORLD INSURANCE IN 1983 London December 1 and 2, 1982

World Insurance in 1983 will be held at the Inter-Continental Hotel on December 1 and 2, 1982. The programme dealing with statutory controls and other major issues includes papers by Mr Edward Johnston, the Government Actuary, Mr C. S. S. Lyon, President, Institute of Actuaries: Mr Ronald S. Skerman, CBE, Director, Prudential Corporation pic. Mr Gerard Imbert, Director, Carte Vision 1982. of Financial Institutions, Commission of the European Communities and Mr Julius Neave, CBE, formerly Managing Director, Mercantile and General Reinsurance Co pic.

All enquiries should be addressed to: The Financial Times Limited

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111

**Equity claim** 

on television

EQUITY, the actor's union, said yesterday that a small but growing number of adver-

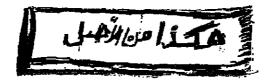
tising agencies were signing contracts on the union's terms

to make advertisements for Channel 4.

The union is embroiled in a bitter dispute with the Insti-tute of Practitioners in Adver-

contracts

By Our Labour Staff



#### LABOUR NEWS

# Esso tanker drivers to vote on 48% hourly pay package

BY BRIAN GROOM, LABOUR STAFF

and manual distribution its new system.
workers are to vote next week One feature of it is a new on a radical pay and productivity package which would raise hourly pay rates by up to 48 per ceut.

this, because the proposals include efficiency measures which should ensure more work is to £173.10.

done in less time. Esso also wants nearly 200 voluntary job

The higher minima will be attractive to drivers in rural areas, where earnings levels are areas, where earnings levels are areas.

The proposals are being recommended by Transport and General Workers' Union negotiators, and voting will take place at depots on November 16. For deal, because they feel it will drivers, the new "basic schedule not raise their earnings as high hour rate" would be £4.20, com- as those at BP. pared with the current basic £2.84.

The new payment is sharply higher because a "schedule hour" is a measure of product moved rather than time, calculated according to tougher efficiency standards than the

company currently applies.
Esso decided to build new productivity measures into its hourly pay calculations after failing three times in two years to reach a conventional deal giving an additional payment on top of basic rates for meeting higher standards.

It is the only major oil com-pany without a productivity deal for drivers, which makes it vul-nerable to strike threats because Esso drivers have fallen behind on pay.

Most companies settle in Most companies settle in work up to 11 schedule nours in November at the same level and a duty period.

a duty period.

a duty period.

a though productivity pay and average earnings vary. Other operators and mechanics, but although productivity pay and average earnings vary. Other companies have so far not made

ESSO's 1,700 oil tanker drivers waiting to see if Esso adopts

minimum earnings guarantee of £159.60 a week for 38 scheduled hours, compared with the present £113.50 for 40 hours. The increase in average earn- For those opting to volunteer ings would be smaller than for up to 55 schedule hours a week in a six-month "work

> sometimes low. Drivers in big city depots, where there are more opportunities for overtime, may however, vote against the deal, because they feel it will as those at BP.

> as those at BP.
>
> Rough calculations made at
>
> Esso this spring, when the deal
> was first discussed, suggested
> that it could add £30 overall to average earnings of nearly £180. The plan has since been modi-

fied in some respects.

Elements of drivers' pay would comprise: a basic four-day week of 38 schedule hours; enhanced schedule hour rates and an extra flat payment for those who volunteer to work up to 55 hours over five days, at management discretion; unsocial hours payments, which vary according to the degree of inconvenience.

The deal would allow the com-pany considerable discretion in determining hours, and flexibility to meet customer demand quickly. It can ask drivers to work up to 11 schedule hours in

companies have so far not made there is a larger element of pay offers this year, apparently payment for attendance.

#### Farmworkers' wage plan aims to beat low pay trap

BY OUR LABOUR STAFF

Farm by Mr Steve Winyard, will be distributed to members of Agricultural Wages Board, who meet this morning to decide on minimum rates for farmworkers.

The agricultural workers' section of the Transport and General Workers' Union is claiming a minimum wage of £120 a week—an increase of almost £50 on the present £70.40 basis. It also wants the £0.40 basis.

most £50 on the present £70.40 basic. It also wants the 40-hour week cut to 35 hours, and a fifth week's holiday.

The Low Pay Unit says farmworkers are at the bottom of the male national pay league, with only barmen earning less. Roadsweepers. caretakers, cleaners and hospital porters earn more on average.

Farmworkers' relative position has fallen further behind, according to the report. In

according to the report. In 1974 the average farmworker 1974 the average farmworker Low Pay Pumphlet No. 21; earned almost three-quarters LPU, 9 Poland Street, of the average industrial wage; WIV 3DG; £1.50.

A WAGES policy to lift farmworkers gradually out of the
low pay trap is proposed today
in a report published by the
independent Low Pay Unit
This should include moves to
bring earnings up to the
national average within five
years, it says.

The more than agents that 20,000 farmworkers. years, it says.

The report, Cold Comfort full-time male workforce, are entitled to it.

The report says 40 per cent of full-time male farmworker or full-time male farmworkers earn less than 190 a week—the definition of low-pay adopted by both the unit and the TUC. This is proportionately four times as many as for the male workforce as a whole.

workforce as a whole.
The outcome of this year's pay talks will be watched with interest, because it will be the first pay rise negotiated by the transport union, which absorbed the 70,000-strong National Union of Agricultural and Allied Workers in a merger in the enting

in the spring.
The Low Pay Unit warns that transport workers, who were due to strike on behalf of health workers before today's one-day stoppage was called off, may soon be striking on behalf of farmworkers.

# **PUNJAB NATIONAL** BANK

Hereby announces

THAT WITH EFFECT FROM 8th NOVEMBER, 1982 THEIR BASE RATE WILL BE 93 PER CENT PER ANNUM TILL FURTHER REVIEW



# Water workers' threat over 15% claim

tion volatile.

BY OUR LABOUR STAFF

LEADERS of the water industry's 29,000 manual workers industry. Water workers did issue—the first-ever national strike not want a long and painful stoppage in the industry. Many satisfactorily to their pay claim. The three water unions are at a meeting on Thursday, a seeking rises of about 15 per union negotiator warned yester-

Mr Ron Keating, assistant general secretary of the second biggest union involved, the National Union of Public Employees said: "We will not be pussy-footing about on Thursday. If the response is unsatisfactory there will be a

Such a strike would be " short and sharp," he said, although have serious con-

stoppage.
The three water unions are cent on basic rates in support of a long-standing aim to bring members' pay into line with the top 25 per cent (upper quartile) of outside male manual earn-

biggest union, the General and Municipal Workers, has already recommended that its executive consults members on all-out strike action if the National water Council fails to come up with a satisfactory response.

observers consider an indefinite water strike unlikely, but the frustration which has built up over the issue makes the situa-

Gas and electricity workers are taking the cue for their pay demands from the miners' 8.2 to 9.1 per cent settlement on basic rates, but water workers have the added incentive of seeking ings.

A delegate conference of the a relative improvement in their

The Government's latest New

in April—is £136 90. For gas mitment, secret ballots before workers it is £154.30, and for electricity workers £153.

mitment, secret ballots before any industrial action, flexible working hours and speeding up

nearer over the past four years. Mr Keating said: "There is a real danger of a conflict in the industry and it will require a pretty drastic change of attitude by the employers to avoid it."

Safety and emergency cover will be maintained in the event 25 per cent. of a strike, but unious and employers differ markedly on what constitutes an emergency.

action if the National Earnings Survey puts the upper council fails to come up quartile figure at £154.60. By step-by-step approach under satisfactory response. comparison, the figure for water which earnings could be raised unions have already workers—a "snapshot" of pay in return for a no-strike com-

A strike over the issue of of the payment of wages by relative earnings has crept credit transfer.

The unions do not accept the proposals as an alternative to their pay claim, but they have suggested they may be prepared to consider the items within an overall commitment to bring earnings into line with the top

However. Mr Eddie Newall, national officer of the GMWU, said at the weekend: "If the employers answer our claim with a straight offer of 4 or 5 per cent on Thursday it will provoke an almighty outrage."

tising over payments for Equity work on the new The IPA wants to move from the fixed percentage repeat fees which apply to ITV-I stations, to an audience-

ITV-I stations, to an audiencerelated system reflecting the
much lower viewing figures on
Channel 4.

Equity claimed last week
that all the first 35 commercials shown on Channel 4 had
been at ITV-1 rates. They
were made by 25 agencies, of
which the union claimed 10
were IPA members.

Ry Friday. Equity claimed

By Friday, Equity claimed another 10 agreements had been made on the terms of its latest offer—75 per cent of

ITV-1 rates.
The IPA says very few of its 300-member agencies have broken ranks, and argues that advertisers will be put off from advertising on Channel 4

by Equity's stance.
It warns that the 15 ITV companies may soon be losing up to £1.5m a week in lost

#### Lloyds Bank staff takes stronger line on ballots BY BRIAN GROOM, LABOUR STAFF

Bank have taken a small but important step towards greater militancy, which could make industrial action a more credible option in disputes.

The 40-member general council of Lloyds Bank Group Staff Barclays, National Westminster Union, a unit of the Clearing and Lloyds, which comprise the Bank Union, has accepted a re-bulk of Clearing Bank Union Bank Union, has accepted a re-port recommending that the ballot majority required for industrial action be lowered from 75 to 60 per cent of members eligible to vote.

disputes, but a similar motion concerning national disputes is likely to be put before next by members in a ballot year's Clearing Bank Union con-

None of the staff unions at members, has taken industrial action. However, some observers believe a harsher bargaining climate makes this a possibility in the next few years.

This is likely to be adopted Barclays Group Staff Union formally at the next council broke a psychological barrier meeting in the spring. The this summer when its leaders

is contained in the report of a working party which has considered options for industrial action, including working to rule and overtime bans. One reason for the move is the withdrawal by Lloyds, in

common with other banks, from arrangements giving either unions or managment the unilateral right to demand arbitration in a dispute-

NON-TUC STAFF at Lloyds change is restricted to domestic recommended two one-hour leverage if they cannot demand Insurance and Finance Union is strikes over Saturday opening, arbitration, but are constrained intensifying efforts to recruit but this was rejected heavily at the same time by a rule among the 11,000 staff employed which, in effect, prevents indus-The Lloyds recommendation trial action.

Leaders of Lloyds group staff union believe their members are under pressure because of the bank's drive to restrict staff costs, which they believe has been more successful than at other clearing banks.

Union leaders feel they lack The TUC-affiliated Banking, will be available in South Wales

by 78 U.S. banks operating in the UK.

It claims to have been con tacted by employees at Citibank Bankers Trust and Bank of America who are worried about job security.

The union also wants recogni-tion at Chemical Bank, where The union, which has 21,000 tion at Chemical Bank, where members, is seeking a cooperation agreement with a relocation exercise. Back-up Lloyds to reverse what it claims is a steady deterioration in industrial relations.

The union also wants recognition at Chemical Bank, where it has criticised the handling of a relocation exercise. Back-up service areas are being switched to Cardiff, and the union says it is "convinced" that fewer jobs

advertising revenue.

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#### **TECHNOLOGY**

HEAT GENERATION POSES PROBLEMS

# How to keep a computer cool UK group set to scoop

BY JOAN GRAY

WHEN they work fast, computers, like humans and computers are fiercely advo-racehorses, can get very hot— and keeping their machines makers. Air cooling enthusiasts cool is becoming a bigger and can get positively contemp-bigger problem for the giant thous of those who go for what

puters, for example, produce more heat per square centimetre than a domestic electric for example. An air cooling
iron; and just three chips in
the supercomputer to come ful of IBMs much vaunted
from Cone Amalala and the colling unit the thornest

small computers can be kept careful design would have cool quite easily by air conditioning, but overheating becomes a big problem in the grant computers. becomes a big problem in the grant computers processing maker of two of the most but companies buying their millions of instructions a powerful commercially avail-

powerful computers — and the reserves. closer the circuits get the The c

computer makers. they see as the sloppier solu-chips in IBMs 3081 com- tion of water cooling.

Take ICLs director of mainfrom Gene Amdahls new company. Trilogy, produce almost as much heat as a one bar electric fire. This heat has to be removed, or the chips burn out.

Small computers can be kent.

millions of instructions a second.

The problem arises as manufacturers pack more complex circuits closer and closer together to get faster, more powerful computers — and the computers in the world: tend to want something a little the Cray 1 and Cray X-MP, simpler.

IBM, Honeywell, and Sperry Univac have all opted for water cooling for their giant business computers — and the compute

the circuits very close together.

But for the next generation of Cray computers, the Cray 2, freon cooling will not be enough. Les Davies, Cray's vicepresident of future development, said that all the circuits in the Cray 2 will be immersed in Florinert, a liquid fluoro-carbon made by 3M. "The whole cabinet will be filled with Florinert like a

fishtank with a heat exchanger outside to remove the heat to water or freon,' he said. Fishtanks of fluorocarbon may

research, long range weather forecasting, and predicting oil reserves.

The company is emphatic that the advanced method of The control of th

Different methods of cooling cooling it uses — heat from the computers are fiercely advocated by different computer a cooling liquid used in makers. Air cooling enthusiasts can get positively contemping making its computers so fast, those who go for what they see as the slowner calls the circuits very close together. price of its previous model, the 1100/80 computer.

Honeywell and Sperry both use rather simple arrangements to bring the water near their circuit boards. In the Honeywell machine, the water is carried over the back of the boards in a moulded plastic labyrinth, called a "slic" pack. In the Sperry computer, the water passes inside a plastic membrane between pairs of circuit boards.

module, or TCM, is the most complicated method of water cooling. Up to 133 chips are mounted on a ceramic substrate and sealed into a unit filled with helium, which was chosen because it conducts heat six times more efficiently than air. A metal spring-loaded rod rests on top of each chip and conducts heat from it to the out-

The IBM thermal conduction

#### **MARINE RADAR**

Racal markets three new families

BY GEOFFREY CHARLISH

RACAL MARINE Radar has made an across-the-board attack on the market with three new families of products, seven equipments in all, covering small pleasure craft to deep-sea ves-

The most impressive thing about the top end model, the Racal-Decca RM 1290, which has a peak power of 25 kW and ten range scales from 0.25 to 64 miles, is its price.

By extensive use of micro-

processors to manage the con-trol functions and by designing for ease of production, the com-pany has kept the price down to £5.250 — which is some £3.000 cheaper, claims David Peacock, chairman, than Peacock, chairman, than equivalents in the current range. This 12-inch display radar has been specifically developed to meet the International Maritime Organisation (IMO) require-ments due to come into effect in

ways at the centre of the plan On the control panel, the use position display and the of membrane touch-sensitive



The display of the Racal-Decca 170, 270 and 370 radars mounted in the cockpit of

in the 1,600 to 10,000 ton class to have a 12-inch set as their primary equipment.

The radar has a relative motion display (the ship is always at the centre of the nice)

The radar has a relative motion display (the ship is always at the centre of the nice)

The radar has a relative making the "targets" (ships, commercial craft. Seven or tender inch displays are offered and the price is about \$4.000 in the nice is abo

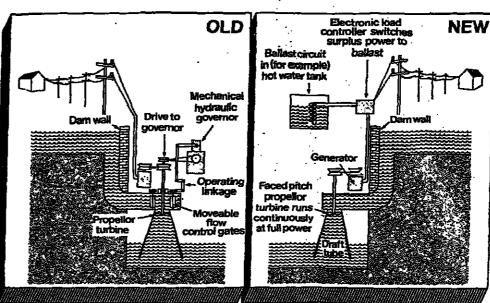
surroundings appear to move buttons, in conjunction with the of the three families, however, past it). and also employs microprocessors, has allowed is the 170/270/370 series, all of

"Clearscan." some rotary controls to be done which use a bright yellow sevended technique which automatically suppresses sea clutter (confus
some rotary controls to be done which use a bright yellow sevended to be done which use a bright yellow sevended which use a bright yellow sevended to be done which use a bright yellow sevended to the sets inch display. They are intended keep costs down, have the sets for pleasure craft and workboat made under contract in South operations and have ranges to Korea.

the price is about £4,000 in the UK.

Possibly the most interesting of the three families, however, company decided to put the best which use a bright yellow seveninch display. They are intended for pleasure craft and workhood MINI HYDROELECTRIC PLANTS

# the pool in China



The latter system could halve costs for China.

BY MARK NEWHAM

A GROUP of British companies led by Intermediate Technology Industrial Services (ITIS) is on potentially vast market for minihydroelectric plant equipment in China with an electronic load control device which could halve the cost of building mini-hydro

ITIS, Evans Engineering and GP Electronics, recently demon-strated the device in China at of the Ministry for Water Resources and Electric Power. He also heads the United Nations' mini-hydro research and training institute at Hang-zhou in Zhejlang province.

After five days of intensive trials at the Hulu-Dong 100kW mini-hydro station on the Fu Chunjiang river about 300km from Hangzbou, the performance of the controller was, in the words of ITIS's general manager David Wright: "much faster and more precise than hydraulic water flow governors traditionally used in this kind of station."

Chinese officials at the trials were also obviously impressed by the load controller's per-formance as their order for 13 controllers following the trials

The order is worth about \$20,000 to the British companies which, in return, agreed to buy three Chinese mini-hydro turbine/generator sets for use in mini-hydro demonstrations in the LUK and the developing the UK and the developing

For years now, hydroelectric engineers the world over have been trying to develop a system to replace costly hydraulic flow

control governors used in minihydro plants to regulate the grid. flow of water through turbines Th The controller could provide

Not only are these governors expensive to instal but they need constant maintenance to keep them operational. Now, it would appear, the electronic load control device developed and built by Evans Engineering and GP Electronics offers the much sought-after characteristics and ITIS' David Wright believes mini-hydro plant managers will be climbing over one another to buy the system.

Essentially, the controller uses microprocessor circuitry to regulate the power output of turbine generators to elec-tricity grids regardless of the flow of water through the tur-bines. When flow surges through the turbines dramatically increase power out-put, the controller automatically channels excess power to a ballast circuit.

Here, the power is used to heat or pump water locally. Only when the flow is at a low ebb will the turbine and load controller be unable to main-

tain a steady output to the

**EDITED BY ALAN CANE** 

to maintain a smooth power of valuable answer to some of China's energy problems, parNot only are these governors expensive to instal but they need constant maintenance to more than 100,000 mini-hydro more than 100,000 mini-hydro stations in operation, these tap only three per cent of China's massive hydro-electric resources and the cost reduction potential of the load control system could lead to a surge of mini-hydro station building.

The controller, built into Chinese mini-hydro plant des-tined for overseas markets, is also likely to make Chinese equipment more attractive and competitive internationally, so it is not beyond the bounds of belef to see Chinese-made turbines controlled by the British-built controller turning up in built controller turning up in America, India or even Britain. Already the China General Electric Corporation (CGEC) is engaged in a \$30m mini-hydro scheme in the Philippines and, if the lead controllers are delivered in time, CGEC could begin installing them in the 40 stations in the 100kW to 1MW range it is building for the

#### Data transmission

#### Flight trials start

FLIGHT TRIALS have started at RAE Bedford of the Smiths Industries 1553B airborne data transmission equipment which uses an ISI chip set made by Micro Circuit Englacering (a Smiths subsidiary). In its ultimate form this equipment will remove the considerable weight of wiring

needed in  $s_D$  aircraft to carry all the control signals. Instead the signals are multiplexed down a dual data highway and tems needing them. In addition, some 20 boards of electronics are replaced by 25 chips. are "picked off" by the sysAtlas Copco

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#### mage process

#### Logica contract

LOGICA IS to supply image processing equipment British Telecom under £500,000 contract. The BT research laboratories will use the equipment for experiments in the digital coding of colour television pictures

The Logica system allows coding techniques to be simulated in software, avoiding repetitive and expensive construction of circuits for each technique.

one use will be in bandwidth compression experiments in which the researcher will be able to experiment with coding only them needs of the picture. those parts of the picture which move from one TV

#### Controls

#### **Pressure** indicator

FISHER CONTROLS of Lewisham, London, now has available a differential presavailable a uniferential pressure indicating controller designed for static pressure up to 6,000 psig. Said to be corrosion and vibration resistant, the 4194H series is offered with proportional only, proportional re-set and differential gap control.

The controller can be used for accurate control and monitoring of flow or liquid level and the company claims that maintenance and calibra-tion can be carried out without special tools. Technical details are available from the company on 0622 67130L

#### Actuators

#### New design

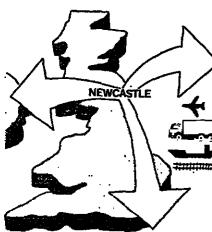
A LINEAR, electro-hydraulic A LINEAR, electro-nyurante actuator which can be mounted directly onto a control valve, damper or regulator in any process control app-fication has been introduced by Elram of Moorfield Industrial Estate, Yeardon, Leeds (0532 504941).

The company says that small oun, Leeus (1532 504941).

The company says that small batches can be produced on very short delivery times.

Full technical details from Elram.

The biggest industrial park in the U.K. straddles the Tyne. The Tyneside Enterprise Zone. Situated within a large conurbation, it offers unique advantages to the developer, investor and occupier.



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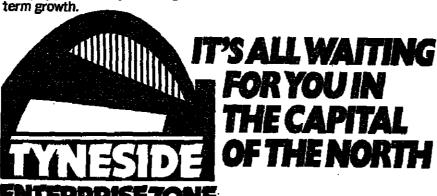
Out of 1,114 acres of land, 250 acres are fully serviced in plots from 1/4 to 70 acres. And there's 300,000 sq.ft. of premises on offer

#### Success!

At Bell's Close, Newcastle, most of 22 new workshop units have been reserved before completion.

Invest in the future we're ready to talk business with you

today. The address is: The Tyneside Enterprise Zone, Civic Centre. Barras Bridge, Newcastle upon Tyne. Tel: (0632) 617392



# THE SOUND THAT You have a mental picture of just where everything is - a door here, a clock over there, than before. In fact sound becomes the most important

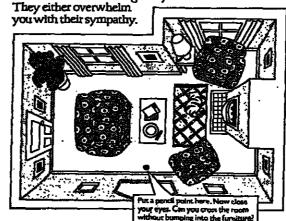
Few people can imagine what it's like to

When you first go blind almost the last problem you have is not being able to see.

For a start there's the shock. You think "It can't be

happening to me."

Or "Ir'il be OK soon - I'll probably get better." Then people around you - even your close family start to behave in a strange way.



Or they avoid you, lest they upset you with an accidental remark. Either way they stop treating you like an individual. That's when it starts to hurt

The next problem you have to deal with is tiredness. Despite the fact that they can't see, your eyes go on trying. Harder than they've ever done. Your other senses - hearing, touch, taste and smell - all work overtime trying to find a way round the problem of not seeing. All of this is physically and mentally exhausting.

All you want to do is sleep.

After this comes disorientation. You lose your way in both time and space. Time, especially, becomes vitally important. There's little or no difference between day or night - but you still want to know which it is. Finding your way around your own home can be a nightmare.

a chair just to your left. But if you lose your place to begin with, if you're not quite where you think you are, it can be terrifying. And that fear can last long after you've

foundyourplace again, When you go blind you often end up with a sore or dry throat. That's because you talk much more

thing to you. You have the radio on all day and night. Some people get a talking warch and run the batteries down just by listening to it constantly.

But sound can be an irritation too. One of the most upsetting sounds to a newly-blind person is the rustling noise of someone reading a newspaper In one stark moment it brings home the fact that you can't . do that any more. Another problem

Can you spot the ball? you have is that you t's there somewhere. All you nee start seeing things, Not to find it is your eyes. imagining them but seeing them. It's probably due to the fact that you've been

trying so hard to see that your unconscious mind says, in effect "OK, we'll give you something to look at if it makes you happy."
Of course it doesn't make you happy.

It raises false hopes. And then dashes them. Lastly - the dark.

If you close your eyes tight in a darkened room in the middle of the night it's pretty dark. It stays that way when you lose your sight. Black takes on a whole new meaning to those who are totally blind.

As time goes by you can learn to overcome many of the problems. You get back some of the confidence. You begin to move around, to explore more. The fear and the depression recede - but never totally disappear. The tiredness you learn to cope with. People who know you readjust and start treating you as an individual again. Other people can teach you new skills, show you new gadgets to help you through the day or night, train you for new jobs. In time you learn to live with your blindness.

But you never forget what it's like to go blind. Now you know more, will you help?

The Royal National Institute for the Blind needs money to help blind people. We can give them the timecan you spare them some money? Please send any amount you can to:

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# BUILDING AND CIVIL ENGINEERING

**CAVITY WALL INSULATION** 

# Megafoam runs aground

MEGAFOAM, which went into receivership last week, is the latest cavity wall insulation company to run aground during this year and losses could be affected by recent publicity. e of the most difficult periods around £100,000. the industry has ever endured.
A slump in sales has been exarcerbated by adverse publi-city involving allegations of possible health hazards arising from the use of urea-formal-dehyde foam for cavity wall

Newspaper and television comment about UF-foam has increased following a ban on the product in the U.S. and Canada. At the enc of August this year, British companies involved in the installation of UF-foam.

Mr David Cameron, chairman at a glass fibre insulation busiand 60 per cent owner of Megafoam, Said at the end of
August that normally the company would have expected to
have been winning around 150
orders a week during the
summer months.

At a glass nore insulation business operated by Megafoam had
during August.

The National Cavity Insulation Association says that orders
have picked up slightly more summer months.

Before the July report by ITN we had been running at around 80 orders a week. In the four or five weeks after the report, sales were averaging just 23 a week.

said that orders had slumped
by up to 75 per cent following
an ITN news report on ureaformaldehyde insulation on
News at Ten on July 5.

"This time last year we were insula
running around 35 two-man provide
teams of installers in England
and Wales. By August this had
dropped to 15 crews," said Mr taken.

**WEST GERMAN CONSTRUCTION** 

# A slender lifeline

WEST GERMANY'S battered same period last year. month the new Federal Building Minister, Oscar Schneider, announced a DM 2.5bn (£582m) aid package which could result in the building of 70,000 to 100,000 new homes in the 1983-

140,000 to 200,000 jobs. No one in the industry would argue that the help is not needed. The big question is whether the aid package is "100 little, too late.'

1984 period and the creation of

The German building industry is now going through its worst slump since the Second World War. Unemployment among building workers more than doubled in the first half of this year and now stands at around 120,000, according to Martin Kaune of the Central Association for German Builders. In the same period 1,100 building firms went out of business-60 per cent up on the industry.

building industry has, at last. "Right now the industry is Ifo economic research institute been offered a slender lifeline as good as dead," says Mr for September shows that emby the new conservative govern-ment. In an announcement last month the new Federal Building only be regarded as a right step

as good as dead, says are
ployment of capacity in West
Germany's construction industry
as a whole is only 47 per cent. only be regarded as a right step in the right direction."

> the Federal Building Ministry, the government plan comprises three elements: direct financial provision for the building of state (i.e. council) housing. financial aid to improve the tax savings of people paying mort-gages and a financial package to reduce the interest paid by home-owners paying bridging finance. The total value of all measures is about DM

But many building com-panies seriously question whether the indirect aid to the industry, as comprised in the last two measures, can really bring about the kind of recovery the industry requires. Moreover the measures do nothing at all for the public works side of the

According to Horst Urban of with employment of capacity in road building, for example, down to 47 per cent.

"Minister Schneider's building programme does nothing for the construction industry." Association for the German Con-struction industry. "As things stand now our member companies have order books of two months or less, while an order book of at least three months is needed for viable operation." "Overall," said Mr Leclerc,

"construction orders are stag-nating at a level 30 per cent below that of two years ago, and in road building 50 per cent below. "We need new Federal in-restment in construction pro-tion activity. vestment in construction projects and we need it now."

were forthcoming, which it is not, it will still take a long from the present recession. With the time lag between from orders, production and earnings it will take at least two years dustry to regain 1980's real earnings levels.

With this year's budget now exhausted, Mr Leclerc and his industry are looking forward anxiously to next year's March elections and the faint promise of a switch in government re-sources from social support programmes to investment projects. But even if this comes about, many German construction firms feel that the heady days of the 1970s will never return.

"West Germany's building boom is over," said one. "The buildings, roads and facilities destroyed by war are all rebuilt. What we must do now is make a structural adjustment to make a structural adjustment to

**PUBLICATIONS** 

Bituminous Roofing Council (BRC) is the first of a series of technical information sheets covering all aspects of flat roof design and construction. They are intended for designers, specifiers and others involved in flat roofing. The guide is available from BRC, PO Box 125, Haywards Heath, West Sussex RR16 37J.

A new code of practice (BS 6180) for protective barriers designed to provide protec-tion against common hazards in or adjacent to buildings, has been issued by the British Standards Institution, Called "Protective barriers in and about buildings," it is one of the first British Standards of the first British Standards
to give recommendations for
plastic-materials in buildings.
The BSI has also published
RS 6270—"Cleaning and surface repair of buildings "--the first national code of prac-

tice on this craft. It will be issued in three parts, the first of which has been published called "Part I Natural stone. cast stone and clay and calcium silicate brick calcium masonry."

The Cement and Concrete Association has published technical report no. 7 " Conerette in the occans—fatigue strength of reinforced con-ercle in seawater" (Ref. 15.637) for the Concrete in the oceans management committee. The report is designed to provide additional know-ledge to improve the design, construction and long-term production platforms.

#### of urea formaldehyde foam insulation may be permitted provided it is used only in walls with a brick or block inner leaf and adequate precautions are New dredger looks for work

CONFIDENCE IN the future of the dredging industry was expressed last week by Zanen Verstoep, of The Hague Holland, a company which is investing £35m in a new plant building programme.

Of this sum, £15m has been spent on a trailing suction hopper dredger, the "Cornelis Zanen." She is now completing her commissioning trials.

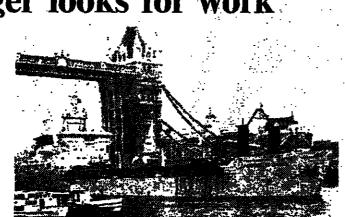
Her first contract, worth about £350,000, is for the removal of 500,000 cu metres from the bed of the access channel at Portsmouth har-bour. The work, for the Property Services Agency of the Department of the Environment, starts on November 15, and will be completed in about three

Although the company has no further contracts for this vessel, Zanen is confident that because of the dredger's ver-satility there will be no problem finding work.

The "Cornelis Zanen," named after one of the family which owns the company, is claimed to be the first hopper specifically

**OVERSEAS CONTRACTS** 

411.



The Dutch dredger "Cornelis Zanen" leaves the Pool of London after a brief visit durnig trials last week.

structed for working in tropi-cal as well as aretic waters (Ice class Bureau Veritas 16). In good weather conditions her maximum capacity is 15,000 tons at 9.5 metres draught; Maximum dredging depth is 32 metres. Apart from wide bottom doors with vertical side walls giving good dumping characteristics even with sticky materials,

£5.8m storage tanks in Libya

MOTHERWELL BRIDGE, the Socul, Korea, and requires the (66m gallons). Construction will

MOTHERWELL BRIDGE, the Motherwell based heavy engineering group, has been awarded a 15.8m contract for oil storage tanks to be constructed for the Libyan Petroleum Market. Libyan Petroleum Market tanks are of the fixed roof variety and are over 195 ft in diameter field in Abu. Diable Work is Misurata port installation. The contract was awarded to Motherwell Bridge by BREGA'S contractor Samsung Construction of the cover 2.5m barrels of oil Dirhams (£4.6m). The client for the scheme is the Abu Dhabi Water and Electricity

the vessel is equipped to pump dredged material ashore.
Total installed power is

13,500 hp—main engines are used for power generation. The twin-screw vessel has a maximum speed of 15.2 knots, and is equipped with a bow thruster for additional manoeuvrability.

**UK CONTRACTS** Conder builds

CONDER SOUTHERN has started work on a £5.5m 10.540 sq m three-storey office block at Hemel Hempstead for Computer Machinery Company (CMC). The Kingsworthy method of building is being used so that a tight completion date—May 1984—can be met and the use of "dry envelope" will enable work to proceed continuously irrespective of weather conditions:

JOHN LAING CONSTRUCTION

£5.5m offices

Mr Cameron said that orders

have picked up slightly more recently. Nonetheless the

• The Department of the

Environment said last Friday that it is satisfied that the use

remains deeply

industry

troubled

TONY FRANCE

# **Transforming**

Featured are six initiatives which have transformed problem estate: into desirable residential areas. These are: better security; physical improvements radical changes to lettings policy; estate-based management and budgeting; sales of blocks both improved and unimproved; and lastly tenant involvement which the tenant involvement, which the film emphasises is the most

# Noisy neighbour nuisance

TACKLING PRIORITY Estates is the title of the latest Department of the Environment film. It shows the progress of the Government's Priority Estates project, started in 1979, to turn round difficult-to-let estates.

MILLIONS of householders are forced to tolerate noise nuisance from their neighbours because of poor standards of sound insulation in party walls. A survey conducted by the Building Research Establishment indicated that 55 per cent round difficult-to-let estates. ment indicated that so per cent of party walls in a sample batch of post-1970 houses failed to meet the requirements of the Building Regulations. As a further step, the extent of the disturbance created by neighbours' noise was then examined in more detail and it was found that over two-thirds of those people questioned of those people questioned could hear noise from adjoin-ing homes and 18 per cent re-

need to keep their own noise levels to a minimum. But the survey also demonstrated the widespread belief that the major culprit is not the family next door but the poor level of sound insulation provided by party walls. Only 10 per cent of those involved in the survey judged their nelghbours to be unreason-

and laughter, footsteps on stairs, banging doors and the clicking of electric switches and sockets.

The BRE has calculated from the survey that over two million occupants of post-1970 houses rate their sound insulation sig-nificantly poorer than they would have done had their home met Building Regulation requirements, while another one million people were able to hear their neighbours talking.

The report concludes: "Not only is poor sound insulation one of the most salient defects of modern houses but its counterpart, noise from neighing homes and 18 per cent reably noisy.

Top of the list of noise bours, is the major source of noise first among the typical housing and record players, shouting occupants."

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announce that with effect from close of business on 5th November 1982

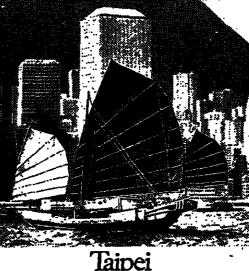
> its Base Rate is reduced from 9½% to 9% p.a.

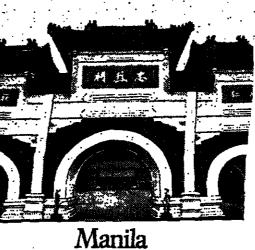
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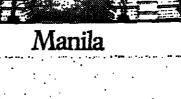






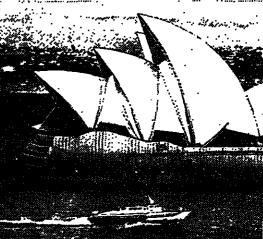












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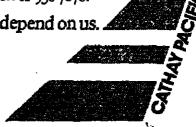
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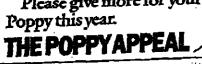


The Swire Group (11)

# IS REVIEMBRANCE DAY.

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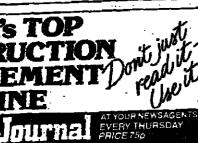


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and landscaping.





The development, valued at £30m, consists of the construction of five halls which, together with the concourse and other associated ancillary buildings, will have a floor area of approximately 27,000 sq metres. Included in the development are site preparation and stabili-sation works, together with extensive car parking facilities Work should start early in 1983, subject to the final approval of the Secretary of State for Scotland and the establishment and funding of the operating company for the centre. The exhibition centre is scheduled to be operational in

he autumn of 1985.

HUNTING GATE has signed a filsm design and build contract to construct 80,000 sq ft of new premises for Easey Garmenis (UK), manufacturer of jeans and casual wear, on the old Delaney. Gallay site at Staples Corner no the Edgware Road, NW2. The 35,000 sq ft of free-span warehouse space will be ready in March 1983 followed by 25,000 sq ft of offices with four floors and a basement car park.

BOVIS CONSTRUCTION has been appointed by the Scottish Development Agency as management contractors for the Scottish Exhibition Centre on the site of the old Queen's Dock, Glasgow.

ABU DHABI - AUCKLAND - BAHRAIN - BANGKOK - BOMBAY - BRISBANE - DUBAI - FUKUORA - HONG KONG - JARARTA - KOTA KENABALU - KUALA LUMPUR LONDON - MANILA - MELBOURNE - OSAKA - PENANG - PERTH - PORT MORESBY - SEOUL - SHANGHAI - SINGAPORE - SYDNEY - TAIPEI - TOKYO,

1 411

# Why Olivetti embarked on a venture capital spree in the U.S.

BY GUY DE JONQUIERES

HOW CAN a large European into the nerve centres of U.S. innovation? Olivetti, Italy's principal computer. principal computer and office equipment supplier, believes it has an answer; by buying slices of young, entrepreneurial companies which have developed promising products and tech-

Olivetti decided to put its Data Terminal System theory to the test just over two-and-a-half years ago. Since then, it has spent more than \$60m on a venture capital Intecom spree which has brought it IPL equity stakes in about 20 Irwin Olivetti American companies operating in fields ranging from microchip manufacturing to large "mainframe" computers.

The rapid-fire acquisition programme is a brainchild of Carlo de Benedetti. Olivetti's deputy chairman and chief executive. Since he took over in 1978 at the age of 43, his success in steering the company smartly back to profitable growth after a period of heavy losses has earned him a national reputa-tion as one of Italian industry's most astute managers.

Among the problems he inherited was Olivetti's troubled U.S. subsidiary. Established more than 20 years earlier to self typewriters and other mechanical equipment, it was failing to keep up in a market which was being rapidly trans-formed by the application of microelectronic technology. It also ended up on the wrong end of several deals with American manufacturers whose distribute internationally.

For de Benedetti, the lesson was clear: "If you want to succeed in America, you have to be American, or at least act like Americans," he says. "The first Americans," he says. The man step has got to be to get your management acquainted with plement Olivetti's own. the American mentality . . by acquiring minority interests in the companies we wanted." he said. But Olivetti has now the blood a network of dinks more than one American com-pany in a business related to

The American investment ture capitalists and the electronics industry which provides a regular flow of information that et a courter than the clinches deals.

Nonetheless, to Piol's regret, acquire Piol worked in the U.S. from 1974 to 1978 as head of Olivetti's be invited to participate in the table of the company to 1974 to 1978 as head of Olivetti's be invited to participate in the table of the company to 1974 to 1978 as head of Olivetti's be invited to participate in the table of the company to 1974 to 1978 as head of Olivetti's be invited to participate in the table of the company to 1974 to 1978 as head of Olivetti's be invited to participate in the table of the company to 1974 to 1978 as head of Olivetti's be invited to participate in the table of the company to 1974 to 1978 as head of Olivetti's be invited to participate in the table of the company to 1974 to 1978 as head of Olivetti's be invited to participate in the table of the company to 1974 to 1978 as head of Olivetti's be invited to participate in the table of the company to 1974 to 1978 as head of Olivetti's be invited to participate in the table of the company to 1974 to 1978 as head of Olivetti's be invited to participate in the table of the company to 1974 to 1978 as head of Olivetti's be invited to participate in the 1974 to 1978 as head of Olivetti's be invited to participate in the 1974 to 1978 as head of Olivetti's be invited to participate in the 1974 to 1978 as head of Olivetti's be invited to participate in the 1974 to 1978 as head of Olivetti's be invited to participate in the 1974 to 1978 as head of Olivetti's be invited to participate in the 1974 to 1978 as head of Olivetti's be invited to participate in the 1974 to 1978 as head of Olivetti's be invited to participate in the 1974 to 1978 as head of Olivetti's be invited to participate in the 1974 to 1978 as head of Olivetti's be invited to participate in the 1974 to 1978 as head of Olivetti's be invited to participate in the 1974 to 1978 as head of Olivetti's be invited to participat 1974 to 1978 as head of Olivetti's be invited to participate in the Italian company's principal sales and marketing operation first-round of start-up financing, trans-Atlantic bridgebead. A

equity owned MOS integrated circuits Office automation Point-of-sale terminals 12.2 Bank equipment, cash 46.2 Advanced PARY

OLIVETTI'S U.S. EQUITY INVESTMENTS

Microcomputers, graphics Magnetic discs 0.5 Stratus Computer Word processors 18.9 Teixon Portable terminals 0.5 29 Transaction Manage Point-of-sale terminals 0.25\*\* Lee Data Display systems 3.5 Linear Technology Linear circuits MicroOffice Systems Portable terminals 22.9 Office automation 11.5 VLSI Technology Integrated circuits Electronic file system MicroAge

Total investment in Docutel \$51m, including transfer of Olivetti assets valued at \$37.5m as part of merger. \*\*Plus \$1.3m in convertible debentures.

a-dozen, but spends about four months a year in the U.S.

Piol's starting point for investments is to define the broad areas of activity where Olivetti is looking for new products or technology. The first rule for selecting prospects is that their business must complement Olivetti's one of Docutel, a Dallas-bas the programment Olivetti's one of Docutel, a Dallas-bas facturer of banking of the programment of th

established a network of links with U.S. investment banks, ven-

there. Today, he is based at the corporate headquarters in Ivrea, near Turin, with a staff of half-a-dozen, but spends about four manths a year in the IUS. says. "At that stage you want money, not commitment to a

> One of Olivetti's first trans-Atlantic forays was the Atlantic forays was the purchase of 17 per cent of Docutel, a Dallas-based manufacturer of banking equipment and cash dispensers, for \$5.2m in 1980. The relationship has prospered, and a \$37.5m merger was recently agreed between Docutel and Olivetti's U.S. subsidiary.

Olivetti owns 46 per cent of the new company, Docutel Olivetti, with an option to acquire a majority of the shares. It is intended to be the

plan to integrate the two managements is now being worked out and will probably involve moving Olivetti's for-mer headquarters' staff from New York to Dallas.

Docutel, a publicly-quoted company with sales this year of about \$120m, an established customer base and product range and a seasoned management team, is untypical of the com-panies in Olivetti's U.S. port-folio. Many of the others are less than five years old, often with only one product which, in some instances, they have

still to launch onto the market. vital entrepreneurial spirit which makes computer display which made them attractive terminals. takeover targets in the first According to Dieter Heidrich.

For this reason, one of Olivetti's cardinal rules is not to aim for majority control but for a "significant" minority stake which places it among the largest shareholders. In every case, it also insists on the rights to distribute the company's products outside the

In the first instance it seeks an exclusive distribution agreement, though Piol says that after two years it may be revised if the company can show that it could sell more overseas through other channels

"That can be an attractive trade-off for a start-up company which cannot afford its own direct sales force overseas,"
says Pat Welch of Welch Carson
Anderson and Stowe, a New
York venture capital firm which is a co-investor with Olivetti in Systrex, a word processor manufacturer. "A small com-pany feels less threatened giv-ing its overseas sales rights to Olivetti than if it signed away its U.S. rights to a large Ameri-

Though Olivetti's equity investments normally entitle it to vestments normally entitle it to as parts of the same conglomer non-stop computer developed by a seat on the board, Piol says ate, and encourages them to another of the companies, that it tries to ride its American develop their own lines of combines with as loose a rein as posmunication and working relationships with Ivrea. "All our U.S. as part of its own product

product strategy, not their day-to-day operations. Our aim is to leave them independent under local management."

He admits that adhering to this principle can call for a good this principle can call for a good deal of self-restraint, especially when Olivetti's engineers start to work closely with technical experts in a U.S. company. "You cannot insist on having your way just because you are the strongest, or you kill the com-

"You must use persuasion. I cannot afford to let people think that they cannot ever lose a fight with Olivetti."

These young seedlings, Piol emphasises, need special care. His years in the U.S. taught him that corporate goliaths which buy small technology to the needs of a small company. There is a good spirit of co-permental them in their own image. mould them in their own image ation between us," says John invariably end up crushing the Lee, chairman of Lee Data,

president of Prolink, which has developed a low-cost office automation system: "The key thing is that Olivetti doesn't try to become expert overnight and start telling our management how to do things." Both Lee and Heldrich say that they originally sought out Olivetti as an

Heldrich has known Piol since 1969 and is convinced that the latter's personal resource-fulness and pragmatism are a vital element in Olivetti's U.S. strategy. "Plot has phenomenal energy and immense tenacity in seeking solutions to problems,"

he says.

More modestly, Piol stres the importance of having his own base in the Ivrea headquarters, where he can act as a contact point for the U.S. companies while remaining close to Olivetti's day-to-day operations. "I would refuse to





ne is the brainchild of Carlo de Benedetti (right); Elserino Piol (left) masterminds it from Italy but spends four months of the year in the U.S.

#### The good, the poor and the average

"A VENTURE capital part-nership with our portfolio-would be very happy," accord-ing to Elserino Piol. He estimates that the venture capital investments made by Olivetti between the spring of 1980 and last October at a total cost of \$63m are now worth

The gains are chiefly due to the performance of nine companies which, he says, are doing exceptionally well. Five others he describes as "about average. But four of our companies I consider critical. Those four occupy about half my time. The ones that are doing well occupy no time at

companies by name, on the grounds that his assessments may not be shared by the manlication could jeopardise their

relations with Olivetti.
"Until the start of this year. didn't really understand why one of our companies was doing well or hadly. We now realise that if it is perform-ing poorly, there are two main reasons. Either Olivetti is not selling its products properly, or the management needs to be changed."

Any remedial action taken varies from case to case, though Olivetti is always care-

ful to reach agreement in advance with the company's other major shareholders.

One of the American companies which has passed through a rough patch is lihaca intersystems, a manufacturer of microcomputers. facturer of microcomputers which last year lost \$1m on sales of \$3m. Last July Olivetti and other major share-holders brought in a new chairman, Bob Klein, who had previously worked with Digi-

Disagreements over Ithaca's business plans and Olivetti's marketing of its products led to severe personality clashes

between the companies, Klein recalls. "But Olivetti wisely stood back and let the dust settle before making any decisions," he says. Piol, who sits on the boards

of about half-a-dozen of the companies, admits that it has required an increasing effort to keep track of the different U.S. operations as Olivetti's investment portfolio has grown. His own staff has grown. His own staff has doubled to six over the past two years, but he is reluctant to expand it much further in

Flexibility, he believes, is a key reason why Olivetti's excursion into venture capi-talism has yielded more positive results than the acquisition strategies of some large American industrial companies. "We have done better not because we are more intelligent but because we do not adopt too rigid a

American companies are follow- line. ing strategies related to Olivetti, not to each other. If they are doing well, they talk to everyone at Olivetti."

In several instances, co-operamove permanently to the U.S. tion has aiready developed because I don't want to lose beyond just distribution touch with Olivetti's require ments."

Material Installed, Cooperation of the U.S. tion has aiready developed because I don't want to lose beyond just distribution touch with Olivetti's require makes in Italy half the Syntrex makes in Italy half the Syntrex He also insists that each of word processors which it sells the American companies be in Europe. It is also writing treated as separate entities, not software (programming) for a

The hectic pace of Olivetti's acquisition spree has started to slacken recently and the com-pany is now starting to think Further investment in the foremainly towards companies in which it already has an interest, notably Docutel Olivetti and

Irwin Olivetti. Over the next two to three years, Piol expects the com-panies in its portfolio to divide

fail to develop new products or whose business strategies start to diverge from its own requirements. On the other hand, it will seek to take over others whose long-term development

fits its own plans.
"I believe that we may develop a conflict of interest with some of the companies over time," Piol says. "It is rather like taking a lover. You have a lot of first together. But a lot of fun together. But a moment comes when you must decide whether to free the girl her own ambitions or to divorce



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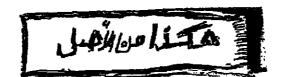
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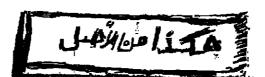
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#### THE ARTS

#### Hercules/Sadler's Wells Theatre

#### **David Murray**

‡of problems and solutions. The action unfolds at a majestic pace, with half the arias boasting the da capo repeats that drive producers to their wits' ends; there is not only a semi-detached commentator with several extended arias of his own, the heraid Lichas, but a chorus that steps forward to offer sententious morals as each scene ends. Yet the music is intrinsically dramatic as well as grand, with each principal character exposed at least once

to violent emotional straits.
Though I thought Tom
Hawkes' easy-going, tongue-incheek production of Xerres (in
this same Handel Opera Society season) risked diminishing that symptocusty operatic piece, his solution for Hercules—with its dangerous leanings toward oratorio-is bold, single-minded and severely effective. In a disand severely effective. In a dis-creetly varied single setting that would do for Agamemnon or Electra (even for Strauss's Elektra) he restricts his play-ers to the simplest telling gestures and postures: always "natural" never critical Greek

the singers enact it well.
It is not, unfortunately, well It is not, unfortunately, we adjusted to Charles Farn-combe's conducting of the score, which embodies a consuming which embodies a consuming performance could with profit be 10 or 15 minutes quicker.

Handel's Hercules is an (especially in Act 1, which until 'opera"—musical drama was the final chorus seemed never to vary its ambling pulse).

Hawke's frieze-like staging demands a vivid musical distinctmands a vivid musical distinctness of each number from the preceding one; Mr Farncombe's best on Saturday rarely sombest on Saturday rarely sounded wrong for any particular
aria (except Dejanira's distribe
to Iole, which cannot be so
deliberate), but in sequence
they sorely wanted dramatic
contrast. Only the intelligent,
sonorous Hercules of Lawrence
Richard and the chorus were
lucky enough to get consistently
lively tempi at which they
could shine.
Like her colleagues, Anne Like her colleagues, Anne Wilkens as Dejanira, Hercules'

Wilkens as Dejanira, Hercules' hysterically jealous spouse, was better served by Farncombe in the later acts; her climactic scene rounded off a portrayal of much power and good sense. Their worried son Hyllus was sung by the very promising Justin Lavender, who combines stylish precision and lightness with a virile tenor ring. As Lichas, the counter-tenor Christopher Robson grew steadily more confident and musically communicative; Henry Herford gave all due authority to the gave all due authority to the tiny role of the Priest of Jupiter. For some time Ann gestures and postures: always "natural," never stilted. Greek masks spare the chorus (who are excellent) from having to mime the moralising fervour of their words. The conception answers nobly to the schematic austerity of Handel's plan, and austerity of Handel's plan, and the schematic austerity more intense bits of the action. The score is only slightly trimmed and re-arranged; with-

#### Coming Clean/Bush

#### **Rosalind Carne**

on a core of feeling, and though it would be possible to view Kevin Elyot's first play as a comedy of low-camp manners it succeeds precisely because he manages to stay in touch with that core. There's surface wit and nice observations of gay life in the neither regions of Tuínell Park, there are daring matched by his lack of glory on the cruising circuit. He is the cruising circuit. He can be compared in the cruising circuit. He can be compared in the cruising circuit. life in the neither regions of Tuinell Park, there are daring

life in the neither regions of Tufnell Park, there are daring episode of homosexual sex, but above all there is a hot-line to the emotions in an unusually unsentimental love story.

The lovers are Tony and Greg, apparently secure in a five-year old domestic arrangement that can accommodate peccadillos on both sides. Philip Bonaghy's Greg is the dominant parmer, a laconic and self-absorbed New Yorker, stamped with professional success as a polytechnic lecturer. Although I have seen this accomplished actor on several previous occasions, such is his transforma-tion in role that it was only when looking up the programme

Dramatic intellect must work matched by his lack of glory on

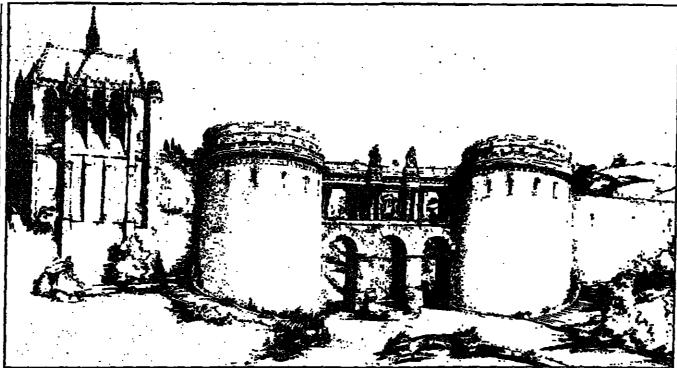
scurries out and Tony and Greg launch into a crescendo of bitterness, recriminations, confession, anger and revived love after the show that I realised that says as much about heteros complex challenge as Tony, an man is the director and the unpublished writer whose effective. North London interior creative insecurities are is by Saul Radomsky.

#### Texaco to sponsor ECO tour of USA

Texaco is to sponsor the English Chamber Orchestra's 1983 tour of the United States.

#### Charlie Chester in G & S

Comedian Charlie Chester is to make his debut in a West End musical in a new version of Gilbert and Sullivan's Utopia



Edwardian ambition-Gordon Selfridge planned this giant eastle overlooking the Isle of Wight

#### Architecture

#### **Colin Amery**

# The last country houses

Nostalgia for the English country house is the lifeblood of so much architectural and social history today. The existence of a flourishing National Trust; a weekly magazine devoted to the ideal country life; a flood of young aesthetes struggling to record and imitate a vanishing way of living—all is evidence that the country house still occupies a crucial place in the national mythology.

A new book, The Last Country Houses by Clive Aslet published by Yale University Press, London, £15.00, is only partly in the tradition of that great series of books, the English Country Houses, originally published by Country Life in the 1950s and 1960s. Mr Aslet's book is not like its predecessors in one important way. Those books looked long and hard at individual houses.

They made aesthetic and National Trust; a weekly maga-

have to wait some time for the in the fabric of the houses. The as Tum-Tum to his friends), her 27.

architects of this period (with the exception of Lutyens) to receive the kind of serious attention some of them deserve.

Clive Aslet, who writes regularly for Country Life, has adopted a thematic approach to his subject. It is a vast and complicated area and his themed chapters on the contrage, the garden, the servant problem, and the whole question of the social importance of the houses are succinct essays.

What a period, what weakh

houses of this period are somethow not quite real. The architecture are regular appearance in her Georgian dining room siled with portraits bought off-the with portraits bought off-the with portraits bought off-the peg at Agnews.

This is a book full of incident and curiosity. It is so rich that it is hard to see the architecture for the society that inhabited it. It is also remarkably short on the literary and imaginary basis of the country house myth. In many ways the Edwardians broke the conventions that had governed the religion of the country house.

What a period, what weakh

place in the national mythology.

A new book, The Last Country

Bouset by Cilve Aslet published

by Yale University Present

the cruising circuit. He is

the cruising circuit. He is

the cruising shift fish mate. His

the shift fish mate. His

the cruising shift fish mate. His

the shift fish mate. Hi

#### LPO/Festival Hall

#### Andrew Clements

Friday's Festival Hall concert served up its first and major disappointment as soon as one entered the foyer, Arthur Grumiaux was scheduled to be enough, and his stature great enough, to have made the evenis unwell and has had to cancel a whole series of engagements. In his place the London Philharmonic had secured Mayumi Fujikawa, who joined the conductor James Conion in the same Mozari concerto.

The combination was not a happy one. Mr Conlon had previously given notice of his approach to Mozart in the C major symphony K. 338: well manicured, driven rather briskly and unfallight spelligh. and unfailingly stylish. Miss Fujikawa is a reliable, some-what predictable artist, and on this occasion also she turned in

performance. With Mr Conlon keeping such a firm grip on things, and his scaling-down of the orchestral forces that rethe soloist in Mozart's G major duced the bass and emphasised violin concerto, K.216; his the upper register, the result appearances in London are rare was brittle and unyielding. was brittle and unvielding.
However unfair it might have been to Miss Fujikawa, it was ing an event, But Mr Grumiaux difficult not to imagine how is unwell and has had to cancel Grumiaux might have played could possibly have charmed Mr Conlon out of his lofty gentil-

a poised, confidently projected

ity. The occasional spark of intellectual or engagement in intellectual or engagement in either soloist or conductor might have brought life into the proceedings. Curiously Miss Fujikawa reserved her most intense playing for the cadenzas, which were those by Ysaye, complete with a left-hand pizzicato. Those dramatic peaks that Mozart himself provides in this concerts were generally unconcerto were generally un-

#### Fanciulla del West/Covent Garden

#### David Murray

camp, very spaghetti-Western.

If Fanciulla is to be done now, all-male lesser roles are cast the way to do it is Piero from strength; Robert Lloyan Faggioni's—his production, his Francis Egerton, Norman costumes, his lighting. This Welsby, John Rawnsley and baroque cinema-style, all Paul Hudson stand out particuelegant line and high shadows, larly. The plot summary in baroque cinema-style, all elegant line and high shadows, elegant line and high shadows, larly. The plot summary in perfectly accommodates Italian the programme is too mingy figures in a wild-West land, with the human-interest details scape; the charade can be played for all it's worth without asking us to take it longish Act 1 are lost on out asking us to take it seriously. With the sets, Ken Adam inflated picturesque turn-of-the-century naturalism to new Minnie is Marityn Zschau.

Adam invaled picturesque turnof-the-century naturalism to
Ring-scale without letting it
burst. Minnle's lob cabin suggests homeliness, a millionaire's
ranch-house retreat and Hunding's hut (complete with World
Ashtree) all at once. It is
deeply satisfying that the cobin deeply satisfying that the cabin door should regularly swing wide to admit a cruel blizzard of

again Silvano Carroli, who may and Pelleas. Such stuff was to well be irreplaceable, not only be better assimilated for for the fine dramatic edge of his Turandot; but here Fanciulla dark baritone, and his sleek, del West gets inspired special sulphurous panache, but for his pleading.

Superbly figged out, Puccini's magnificent work with his Gold Rush fantasy rides again at dazzling white-over-black fur the Royal Opera: very high coat.

Besides Jean Bailey's prickly

The assured and attractive new Minnie is Marilyn Zschau. Granted a touch of hardness in

ther top notes, she has every-thing the role requires, and power to spare. I fancy Puccini may have intended a more radical transformation from pious young spinster to pistol-packing tigress — Miss Zschau suggests a wise coquette from the start, evidently awaiting just the sort wide to admit a cruel blizzard of cornflakes.

Many of the grown-ups attending these costly performances will be doing so to hear Palcido Domingo as Dick Johnson. On Friday he was in resplendent voice; if his range of softer shades is meagre compared to his forthright strengths, that matters not at all. His honest than to strut. The wicked Sheriff is yet again Silvano Carroll, who may and Peličas. Such stuff was to be the rassimilated for some inclined to suffer than to strut. The wicked Sheriff is yet again Silvano Carroll, who may and Peličas. Such stuff was to be better assimilated for such such as the sort control of hero she promptly wins—evidently awaiting just the sort evidently awaiting for hero she promptly wins—and her first wistful aria is too sturdy to bring out its frugile gradently awaiting for hero she promptly wins—and her first wistful aria is too sturdy to bring out its frugile evidently awaiting for hero she promptly wins—and her first wistful aria is too sturdy to bring out its frugile evidently awaiting for hero she promptly wins—and her first wistful aria is too sturdy to bring out i



Marilyn Zschau and Placido Domingo

#### Messiah/Barbican Hall Richard Joseph

forming styles. John Eliot casual approach of Christopher is feasible).

Gardiner's edition, heard on Hogwood on an esteemed period informed response to Handel's score, moving it away from accepted traditions and closer to Baroque operatic practice.

Tempt were extremely fast, with blurred playing community in Part One, though the chain or Largo choruses speedy interpretation; it and arias that form the centre sounded more comic than in-

This tired and ill-used music cadenzas were sung is unlarge string section comis aquiring a new lease of life grammatical places. Throughout, Gardiner's editing and conducting showed an insight and current state of the art, half singer making his Zritish debut, that number is probably all that revealed a strong voice which care which far exceeded the casual approach of Christopher is feasible).

This tired and ill-used music cadenzas were sung is unlarge string section comwishes are fulfilled, but to make plemented by four bassoons and his soloists sound as good as our current state of the art, half singer making his Zritish debut, that number is probably all that revealed a strong voice which grew more interesting the

1983 tour of the United States. It is providing over £60,000 for the ECO to undertake a 15-city visit in October/November 1983.

In all the ECO will give 17 concerts in 26 days, including two in New York City. Sir Charles Mackerras will conduct all concerts on the tour for which a new work by Robin missioned especially by Texaco.

End musical in a new version of Gilbert and Sullivan's Utopia Limited next month. The BBC radio personality to Baroque operatic practice. Like Mackerras (on his EMI of the chain or Largo choruses the chain or Largo choruses the chain or Largo choruses. Like Mackerras (on his EMI of the chain or Largo choruses the chain or Largo choruses the chain or Largo choruses. Like Mackerras (on his EMI of the chain or Largo choruses the chain or Largo choruses. Like Mackerras (on his EMI of the work in Part Two were spicious. The Monteverdi Chorus justicated the risks of Gardiner's the chain or Largo choruses the chain or Largo choruse. Like Mackerras (on his EMI the chain or Largo choruses the chain or Lar

bass baritone Robert Hale had higher alto arias) and the calm trouble keeping up in their faster arias. Coluratura was fudged, which would have been unnecessary at more articulate and accuracy, but the fullness just to see that his interpretive pensation enough.

tive impression in any one of the Italian parts mentioned in strated the risks of Gardiner's of the other soloists, mezzo speedy interpretation; it sounded more comic than inspiring.

Tenor Wynford Evans and bass baritone Robert Hale had higher alto arias) and the calm trouble keeping up in their authority of her inhericant. his biography.

speeds. A conductor's job is not of tone she has acquired is com-

grew more interesting the higher it went. He would en-doubtedly make a more port-

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# Arts Guide

Music/Monday, Opera and Bellet/Tuesday, Theatre/Wednesday, Ethibitions/Thursday, A selective guide to all the Arts appears each Friday.

#### Music

Ensemble Intercontemporain conducted by Ronald Zollman: Baird, Sikora, Lutoslawski (Mon), Theatre du Rond Point (256 7080).

Siegfried Jerusalem recital (Mon), Theatre de l'Athenee. (1426727).

Radio France Chamber Music. Byron Janis, piano: Haydn, Brahms, Ravel, Chopin (Wed). Theatre des Champs Elysees. (723 4777).

Orchestre de Paris conducted by Euhestre de Peris conducted by Eu-

orcaesure us rans conducted by Eugen Jochum: Bruckner's 5th Symphony (Wed, Thur), Salie Pleyel (5638873).
Nouvel Orchestre Philharmonique and the Padio Franchisto the Radio France choir conducted by Jacques Mercier: Renaud Gagneux Requiem (Wed), Saint-Ger-main-des-Pres Church (2693184).

#### LONDON

London Symphony Orchestra conduct-ed by Colm Davis. Tippett Fourth Symphony and Berlioz Symphonic

sympnony and nerrous sympnonic Fantastique (Mon, 6.30 pm). Barbi-can Hall. (6388891). Philharmonia Orchestra, conducted by Riccardo Muti with Emil Gilels, piano. Berihoven. Royal Festival Hall (Tue). (9283191). London Sinlonietta conducted by Si-mon Rattle with Paul Crossley, pia-

mon Rattle with Paul Crossley, piz-no. Messiaen Des Canyons au Etoiles. Queen Elizabeth Hall (Tue). 1928-3191). LSO Brass Ensemble conducted by Howard Saell. Copland. Tipperit, Schulter and Mussorgsky. Barbican Hall (Tue, 6.30 pm).

London Mozart Players conducted by Harry Bleen with Ingrid Haehler, piano. Schubert, Mozart and Haydn. Queen Elizabeth Hall (Wed).
London Symphony Orchestra conducted by Colin Davis. Tippett and Berlioz. Barbiean Hall (Wed).
London Symphony Orchestra conducted by Colin Davis with Uta Ughi, violin. Berlioz and Mozart. Barbican Hall (Thur).
Boyal Philharmonic Orchestra conducted by Antal Durati with Eugene

ducted by Antal Durati with Eugene Istomin, piano. Brahms and Beet-hoven. Royal Festival Hall (Thur). VIENNA .

Musikverein (658 190): Stefan Askenase, piano. Scarlatti, Schubert, Chopin and Beethoven, (Mon): Edith Mathis. lieder recital. Beethoven, Brahms, Schubert and R. Strauss (Tue and Taur): Festival Strings Lucerus, conductor Rudolf Banngartuer, Corelli, Purcell, Bach, Bocchertus and Parittee (Mod)

ni and Britten (Wed). Konzerthaus: Vienna Symphony, con-ductor David Shallon, Schoenberg, Beethoven and Manler. (Thur).

#### HOLLAND Rotterdem Philharmonic Orchestra is giving a series of concerts through-out November in the Grote Zaal of

the De Doelen concert hall. Haydn, Stravinsky and Schubert on Thur.

and Fri. (New 11, 12). On No 25,26 it is Mozart and Beetboven. NEW YORK. .. Carnegle Hall: Philadelphia Orchestra with Klaus Tennstedt conducting and Doris Sofiel mezzo-soprano. All

# November 5–11 Mahler programme (Tue); Prague Symphony Orchestra with Jiri Belohlavek conducting and Eugene Fodor, violin. Knbik, Brahms, Dyorak (Wed); Classical guitarist Narciso Yepes plays Bach, Adriaesen and Kellner (Thur). (2477459); Avery Fisher Hall: New York Philharmonic conducted by John Nelson, Sannel Ramey, bass. Schumann, Shostakovich (Tue); Rafael Kubelik conducting. Adras Schiff, plano. Mozart Brockeer (Thur). (748424)

zart, Bruckner (Thur), (2742424).
92nd Street Y (1395 Lexington): Hermann Prey, baritone. Schubert stongs and ballads (Wed), (4274410). Alice Tully Hall: Marlboro Chamber Ensemble, Mozart, Beethoven, Dvorak (Mon). (362 1911). (etropolitano Museum of Art: Michel

Piguet Baroque Concertino. Albino-ni. Scarlatti, Vivaldi (Thur). (5703949). WASHINGTON

Concert Hall (Kennedy Center): Wie-ner Strausscapelle, Lehar and Ziehere (Mon); National Symphony, Christopher Keene conducting Ray-mond Lewanthal, plano. Corigliano, Rachmaninoff, Elgar (Tue, Wed, Thur). (2543600).

#### CHICAGO

Orchestra Hall: Chicago Symphony conducted by Georg Solti with Eu-nice Lee, violin, Panufnik, Paganini, Mendelssohn (Wed); Chicago Sym-phony conducted by Georg Solti with Lydia Mordkovitch, violin, Pa-lifetti Cleanou, Mandelscohn nufnik, Glazunov, Mendelssohn (Taur), (4356666).

#### F.T. CROSSWORD PUZZLE No. 5,019

ACROSS 1 Break to cover the task-force (12)

10 Nozzles for aeroplanes on American fuel? (3-4) 11 An attractive item, nothing more for a small generator

12 Jane has one in the nest 13 Periodical signal to wake

the military (8) 15 He dabbles superficially as he has talent tied in knots (10)

18 We in being in the red were in debt (4) 20 Sailor and Scotsman on the

16 What lies at sea in the sea?

road (10) 22 In this apparent indication (8) 24 Kings are accepted as being

less common (5) French revolutionary leader says hello in an 26 French Indian language (7) 7 Practically 27 Can I be friendly? (7)

28 The place for a poet and economist? (6, 6) DOWN 2 Breather, one of two we

hour (8)

have to face (7) 3 In chapel even this late 14 Drink

4 Writings about one young 17 Inadequate supply leaves 5 Season that starts in March 19 Noted saying: "Mixed pie (10) has little weight" (7)

6 One topless by the fireplace 21 Long-lasting goods (7) 23 Praise when old road tax unnecessary pointers (7) 8 Consented after negotiation

as to how the school year is divided (6, 2, 5)

9 Protected German and French where goods are sold (7, 6) taken harmonicas (10)

its mark on the town (8)

finished early (5) 25 What punters do in return

The solution to last Saturday's prize puzzle will be published with names winners next Saturday.

Solution to puzzle No. 5,017 PADSON BIVESTED A D R L I I I LIVE PARENTAL E O A T N P A E REMEDIES TWAMET M I S N A A E RATUMAL PROMEDIES 

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Monday November 8 1982

# Future of the **Falklands**

Islands is, as always, one of perspective. In that sense, the vote at the United Nations tion, legally, morally or intel-General Assembly on a resolu- lectually, Article 73 of the UN General Assembly on a resolution calling for the resumption Charter, which deals with nonof negotiations between Britain and Argentina on future sovereignt; did not go all that badly. Ninety countries voted in favour of the resolution. 12 voted against and 52 abstained.

The solution between Britain self-governing territories, lays down the "principle that the interests of the inhabitants of these territories are paramount." Successive British governments have conformed to this Article in guerry way in voted against and 52 abstained. It should be remembered that this was the General Assembly, not the Security Council. The Assembly's resolutions are in no way binding and the Assembly tends to have a large built-in majority for any resolution that can be remotely regarded as anti-colonialist. For Britain to secure 52 abstentions on a resolution of such obvious Britain, which is in breach of the Charter. on a resolution of such obvious sensitivity is not bad going.

It is true that the U.S. voted with Argentina, a fact which has dismayed Mrs Thatcher, the British Prime Minister. But here ugain the sense of perspec-tive comes in, or should. It is not obvious that the U.S. should risk jeopardising its relations with Latin America for the sake of siding with Britain in what looks to the eyes of much of the rest of the world like a small, anomalous dispute.

There is a case for saying that Britain, too, should see matters in this more global way. Good relations between North and South America, and be-tween the Americas and are in Britain's

#### UK perspective

Yet there is also a British perspective. It is unrealistic to ex-pect that a country which has just lost tseveral hundred dead, suffered many more casualties and great expense in repossessing a territory that was invaded should quickly re-open negoti-ations with the aggressor with

the aim of giving it away.

It is not just Mrs Thatcher and the popular Press who think like this. It is a perfectly understandable view, for which we have considerable sympathy. necotiations Argentina have never been

Britain should have no difficulty about defending its posiernments have conformed to this Article in every way, in-cluding Section E which calls for the regular transmission of information about the terri-tories to the UN Secretary-General. It is Argentina, not

#### Cooperation

To return to the sense of perspective, however, British possession of the islands in the 1980s is anomalous. It is expensive. The costs of the Falklands campaign may have been absorbed, but the costs of servicing the islands and preventing another invasion may be very large.

from neighbouring countries, and that is not forthcoming in current circumstances.

There remains the question of the size of the population. How far should or can Britain go to defend around 1,800 people 8,000 miles away, if there are other possibilities?
It is towards those possi-

bilities that the Government should be looking: not perhaps now while passions are still high, but in the relatively near high, but in the relatively near future. It is right that the islanders should be consulted, although not in such a way as to encourage them to seek a blank cheque of British support for ever and a day.

It would be wise to include a team of UN observers in the consultantions. There are also procedures under the UN Charter which allow for nonself-governing territories to be placed under international

placed under international supervision: for example, UN

casy.

The trouble is that Argentina views negotiations with only one end in sigth: namely, the tital transfer of sovereignty to trusteeship

As we argued during the campaign, the international approach is the best. We continue to urge that now.

it was scarcely surprising that tered steel industries. 1982, he the Brussels Commission's says, has been the year of foremost fire-fighter should be damage control. Next year co-opted into the last-minute negotiations on the common fisheries policy that have, after six turbulent years, now put a settlement tantalisingly withless. settlement tantalisingly within

Daviguon's forte and the recent dramatic conclusion of eight months of EEC-U.S. arguments about Europe's transatlantic steel exports until the end of 1985 have reinforced his repu-

through his second four-year term as Belgium's EEC Commissioner, is an unchallenged "baron" of the Berlaymont, the headquarters of the Community.

His exceptional portfolio combines both industry and energy, but just where he goes from his present commanding posi-It is also very difficult to see thom is, intriguingly unclear, how there can be any extensive for the lanky, urbane and irreeconomic development of the islands without co-operation aristocrat is not without his opponents—in European politics and industry.

Two years ago he made a adetermined bid for the Commission presidency, only to find himself blocked by the implacable opposition of France's then President Giscard d'Estaing. Davignon's outspoken calls on France to join the International

#### No longer is he regarded as a miracle worker

Energy Agency when he became its chairman in 1974 were just the first of the slights that Giscard never forgave. In Belgian politics his active role and indeed his lineage as the grandson of the country's Foreign Minister before the first

move. The days, though, when his tactical successes in steel

the value of the Mars Bar is a basic and reliable yardstick of

T'S NOT fair," complained Viscount Etienne Davignon "dosslers" are in Davignon with just a himt of pride as he replaced the telephone. "Now they're dragging me into fish."

With Mr Gaston Thorn, the President of the EEC Commission, away on a visit to Nepal, it was scarcely surprising that the store of the EEC's battered steel industries. 1982, he

EEC governments — somewhat eclipsed by the final stages of the U.S.EEC pact — that set out the stark reality of the steel industry's position. By the end of 1985, when the state sids now proposing up the steelmakers propping up the steelmakers become illegal, steel will still be saddled with "unbearable

tation.

The final steel restraints deal was, indeed, an impressive performance by M Davignon. Just turned 50, the former men their jobs and clipped the Belgian diplomat, now half-way through his recent for the property of a quarter, Europe's steelmakers will by 1985 have made little dent in the overcapacity prob-

> In finished products, output will be no more than 102.6m tonnes and quite possibly less, while capacity will be 150.9m tonnes. In crude steel, the gap will be between a maximum output of 142m tonnes and capacity of 200m tonnes, meaning that on present showing the EEC steel industry will over the next three years pare a deri-sory 2m tonnes or so off poten-

sory 2m tonnes or so an poten-tial output.

At first sight, M Davignon's warning could have been mis-taken for a re-run of his earlier calls for capacity cuts that would nurse the industry back to the financially healthier resistion of warking at \$5 per position of working at 85 per cent of installed capacity rather than the present disas trous 55 per cent or so.

In fact, both in his memorandum and in conversation, M Davignon is now making plain that his thinking on the future of European steel has evolved into a strategy that goes well beyond the "safety net" objectives that shaped the various Davignon Plans that since 1977 have stabilised prices and production

The new Davignon approach is no longer to concentrate so hard on the need to narrow the Foreign Minister before the first World War, should guarantee him a golden future. But the premiership is almost certainly beyond his grasp. M. Davignon is a member of the PSC Francophone wing of Belgian's ruling Social Christians and the prime minister's office is traditionally the fieldom of the larger Flemish CVP wing.

Yet M Davignon is boundlessly ambitious, and his combination of energy and impatience makes it probable that

he is already pondering his next M Davignon can conjure up move. The days, though, when visions of an EEC steel industry which, thanks to an ambipolicy making led him to be tious investment and technolodubbed "Stevie Wonder"—his gical research drive in this Figures are monthly averages for ECSC activities. † Provisional figures for January to September.
nickname since childhood but decade, will have overcome its Source: Eurostat Quarterly Iron and Steel Bulletin. nickname since childhood but decade, will have overcome its also that of an evanescent pop chief handicaps. The produc-

VISCOUNT ETIENNE DAVIGNON

Europe's man of steel

By Giles Merritt in Brussels

The new Davignon approach may enable steelmakers to operate far below capacity

1975

226.7

Source: Eurostat Quarterly Iron and Steel Bulletin.

tivity levels that make Euro-pean production costs some 15-20 per cent higher per tonne of steel than those of Japan will have been drastically improved, and to that end the EEC steel-makers will have forsworn the twin "strategic" arguments that have dogged the industry's

thinking.

The first has been the steel producers' belief in a future cyclical upturn in demand. which has inhibited capacity cutbacks. M. Davignon believes that market conditions have now made it plain to steel-makers that their fears of ever having too little capacity are groundless. In any case, he

West Germany .....

France

adds, lowered break-even levels permitting plant to be run at around 70 per cent of capacity will ensure reserves of output. The second and much more fundamental, strategic consideration governing national policies on steel has been the view that each major EEC mem-ber state and even each of the large producers should make the fullest range of steel pro-ducts to ensure national self-

sufficiency.

M. Davignon says he is convinced that for the EEC indus-try to survive will require the development of "complemen-tarity" in which different national producers each concen-

HOW EMPLOYMENT HAS TUMBLED Figures in thousands

214.4

205.0

1976

220.3

96.9 155.1

recently agreed EEC manmade fibre producers' pact for a radical set of complementary

the industry's survival and also its health in the next 10 years

The special session of the EEC Council of Ministers that is to be held in Denmark on November 18—and devoted ex-clusively to steel—is being pin-pointed by M Davignon and his officials as a political event that will set the scene for next year's will set the scene for next year's grity negotiations between the European Commission and the steelmakers. A firm expression of political will by EEC governments to trim their steel industries is needed if the 1983 decision-taking process is not to be stymied at the outset.

It will, it is already clear, be far from easy for governments to do that. Export-reliant steel producing countries like Bel.

to do that. Export-reliant steel producing countries like Belgium and Luxembourg face serious social and economic consequences. Italy can point to profitable independents and better than average demand. West Germany to its efficiency in the market place, France to its restructuring efforts and Britain to a closures drive that

claims to larger shares of a shrinking sector, M Davignon aims to stick to a simple yard-stick for deciding which con-cerns must make the most sacrithat EEC governments could, or should even be asked to, agree some form of restructing quotas setting out the proportionate cutbacks to be borne by member

As M Davignon contemplates the hard bargaining over steel that is soon to begin, his instinct for negotiation and what he himself calls "fond persuasion" becomes apparent. He has more bad news in store for steel, which will certainly make the talking tougher, but

1980

**201.0** 

192.0

1979

204.0

trate far more on separate sec- is concerned that its formal tors and develop cost-saving announcement needs "delicate product exchange techniques, timing" so as not to scare gov-He points to the blueprint of ermments into hardening their positions.

First, the Brussels Commisradical set of complementary closures and stresses that steel will find it commercially necessary to follow suit.

But first, as M. Davignon emphasises, there is the critical deadline of 1935. Urgent decisions are needed to determine the distribution of critical steel. sion's analysts now see steel consumption in the Community tonnes of crude steel, against 125.1m in 1981, will persist. Second, and even worse, the Commission is certain that the production levels it had forecast for 1985 and which must form a basis of cutback negotiations, are optimistic.

The projections had been alarming enough, emphasising as they did that a range of products from finished coils to heavy sections and plate would

#### On the brighter side, the target is misleading

suffer cuts amounting to several millions of tonnes, but now M Davignon warns that those figures "are definitely on the high side." How optimistic they were—they envisaged industrial demand for finished steel products of 93m tonnes in 1925. ducts of 93m tonnes in 1983, against 93.88m tonnes in 1978 is either still under review or possibly is a card that M Davignon is for the time being

Britain to a closures drive that
has put it far ahead of other
EEC partners and accounted for
one in every two redundant
EEC steelworkers.

To cut through the conflicting
claims to larger shares of a
shrinking sector, M Davignon
aims to stick to a simple yardtick for deciding which con-In his own words: "The over-capacity figures are at the same nces. "It is absolutely essential." capacity figures are at the same time essential and totally mishe insists, "that these strategic decisions should be taken against the yardstick of each enterprise's financial viablity by 1985." He rejects the notion that EEC governments could as should be successful. capacity of the plant that having already been amortised is cheaper to run at low levels of output than to close. To evaluate the importance of such comparatively benign over-capacity, M Davignon has initiated a product by product survey of the industry in the hopes of having more reliable overcapacity figures next year.

Even with more accurate figures, and taking into account M. Davignon's hopes of improv-ing break-even operating levels that would permit higher over-capacity margins, the cutbacks that will be under discussion must still be daunting. Instead of 48m tonnes of finished product capacity to be cut, perhaps

the 1985 target could prove to

only three years' leeway, it will be a formidable task for

an industry that in eight years of crisis has barely altered its

installed capacity. For EEC governments it risks becoming

a political powder-keg.

# Mr Brezhnev and his generals

PRESIDENT REAGAN is only necks in the Soviet economy one of many people assessing what last week's U.S. mid-term elections bode for his next two years in the White House. So are leaders in the Soviet Union. whose press has been describ-ing the Congressional results as a setback for the Republican president and his policies and has noted with a certain satis-faction the success in several U.S. states of resolutions calling for a freeze on nuclear weapon production and deployment. This is likely to rein force President Brezhnev in the tough foreign policy line he recently laid down.

Mr Brezhnev told his army and navy commanders late last month that the Soviet Union, offended by the "adventurism, crudeness and egoism" of U.S. policy in the past two years, would match the Reagan administration's re-armament programme. To lag behind in the intensified competition in weapons technology with the U.S. would be "inadmissible," he said.

It is as though Mr Reagan has come as a delayed shock to the Kremlin. The Brezhnev leadership has now dealt with five U.S. presidents, and it may well have thought until very recently that, for all his rhetoric, Mr Reagan would prove another Nixon-style con-servative with whom it could do business. But so far Mr Reagan has stuck to his guns,

#### Spending

The alarming feature is how the superpower hawks feed on each other. Mr Caspar Weinberger, the U.S. defence secre-tary, quickly concluded that tary, quickly concluded that the Brezhnev speech empha-sised the need for the U.S. to plug on with increased military

spending.
This in turn will probably reinforce the advice which Mr Brezhnev seems to have been getting increasingly from his specialists on the U.S. like Mr Georgy Arbatov. They have been saying in public that the Reagan administration is proving impossible to deal with; therefore the Soviet Union assume a defensive, hedgehog-like, posture, prepar-ing for the worst and postponing diplomacy until there is a more accommodating incumbent of the Oval Office.

Yet, it is not so simple for the East or so bleak for the West as a first reading of Mr apparent hardening of gest. For the Soviet leader also deflect the West from the went on to remind his military patient search for arms control of the shortages and bottle-

which needed serious attention particularly in agriculture. to assure the military that they were getting the "most advanced weapons and military hardware" implied some of the generals had been complaining that they were not. It would be hardly surprising if a dispute over guns versus butter were intensifying in Moscow. At a time when military spending already takes anything up to 15 per cent of Soviet national product, further defence increas would severely burden the civil-

the Soviet Union with political

through. What remains disturbing is the divergence of view between the hawkish line esponsed by some members of the Reagan Administration and the more conciliatory approach to East-West relations followed by most European governments.

Geneva has brought no apparent progress on reducing the Soviet preponderance of medium-range nuclear weapons. The Soviet Union has so far rejected the U.S. "zero option" which would leave the Soviet Union without its existing SS-18 missiles in Europe and Nato without any of the Cruise and Pershing missiles it otherwise plans to deploy next year. But the latest nuclear freeze referenda in the U.S. underline how right the West Europeans were to persuade Mr Reagan to table the "zero option" in the first place. In any case, it was always unlikely that the Soviet Union would get down to brass

conclusively fails, the West must

The fact that he felt impelled

ian economy.

The Soviet Union, then, has a motive to negotiate a lower level of arms stockpiles and arms spending with the U.S.
The West, for its part, must encourage this by its own collective firmness and not present

divisions to exploit.

The West has no reason to quiver at Mr Brezhnev's words. It is certainly depressing that a year of U.S.-Soviet talks in

tacks in Geneva, until it actually saw the Cruises and Pershings being installed in Western Europe. If the "zero option"

see the new missile deployment A united Western position on this issue is vital. So, too, is an Siberian pipeline, where necotiations between the allies appear to be making progress.

Small and sweet It was a sweet-toothed colleague, Nicholas Colchester, who advanced the black art of. economics recently with his ex-planation of a great truth—that

on their laurels While Mars Bars continue to sustain and to make their con-tribution to economic analysis, the company is out to win a wholly new £10m a year market with a very different product. sounds improbable, but Mars has designed from scratch, in three years, a mini-radar set for small boats. Sets are now coming off a production line at Slough and a new factory to employ 300 is being built at Reading to make

The Vigil radar set is about half the weight of other radars and is much smaller. At a retail price of £998, without VAT, it is also by far the

Mars believes it will enable radar to be used (with greater safety at sea) by some 500,000 small pleasure boats and fishing boats in Europe and North

But why has Mars made a quantum leap from the scrumptious bar to radar? Well, its all a question of business management. The two American brothers John and Forrest Mars who head the privately-owned company want to expand by creating new businesses as

independent profit centres. Mars Money Systems, which was started for that reason, is now the world's biggest maker of electronic coin mechanisms. Its success prompted the brothers to start yet another new business in marine electronics for small boats.

The radar is their first "inhouse" product. It is entirely British-designed and built, and Peter Harrop, general manager of Mars Electronics, assures me there is nothing else to touch

it anywhere. come weapons of war. Nobody
"There was no market for knows just how many coconut small boat radar—boats under palms there are in the world. small boat radar—boats under about 35-feet" he says. "We did our market research and 15bn have created our own market year.

Men & Matters

us sales of £10m a year. he economy.

Now it is good to be able to Elm a year to approaching £30m of seem to se report that those inventive Mars a year in five years I believe people have not been resting him.

which we are confident will give

#### Nut cases

News that the world's first cocobomb has been successfully tested by the wily boffins of the Philippines armed forces should be a matter of more than passing interest to us all.

It will, of course, come as no surprise to coconut cognoscenti that this versatile fruit has provided yet another use for

The Indonesians, who know a

thing or two about cocos nuci-jera, claim it has a many uses as there are days in the year. Apart from food and drink, it can be used to make soap, shampoo, margarine, detergent, synthetic rubber, hydraulic brake fluid, ropes, mats...

But enough in praise of the coconut — back to the practical consequences of the control of the control of the control of the coconut. consequences of what the Philippines will no doubt try to pass off as a coconut explosion "for peaceful purposes."

The good news is that the age of the cocobomb will come as a baddy-needed shot in the arm for the depressed coconut oil market, not to mention the decommodity brokers

languishing inconsolably in their Caribbean hideaways. A price recovery would certainly be welcome for the Philippines, where the coconut is the basis of the biggest single

arms race may be sparked off among all those ambitious little tropical paradise islands where up to now a bomb was merely something you made out of tourists. A fearful thought, that all

But it is estimated that up to

#### Vital Government research does

not seem to have suffered unduly from President Reagan's much-vaunted budget reduc-tions. The U.S. Department of Agriculture's research service has a new study under way to determine what makes farm

animals unhappy.

The questions which scientists are seeking to answer include: Does technology impose unreasonable stress on pigs? Are the animals comfortable? Miser In order to find out the

reactions of pigs to different conditions will be recorded by cameras at 10 minute intervals throughout the day Scientists will also test hormone levels to see how pigs take to confine-

ment.
"Through the measurements, we want the animals to tell us we want the animals to tell us whether they are happy or not," says an environmental physiologist working on the project.

The study is by no means frivolous, say USDA's researchers. By recording the researchers of nice they expect to ponses of pigs, they expect to come up with facts on which to base management decisions which take into account the well-being of farm animals as well as efficient meat produc-

#### Donaldson's Law

Full marks to Sir John Donaldson, the new Master of the Rolls, for his plea to Parliament export industry. to make the law more readily
The bad news is that a new understandable by the ubiquitous man on the Clapham omni-

Anvone who has ever wrestled with the dense and circumlocutory wording of so many Acts of Parliament will those Aunt Sallies might be- that clarity and simplicity

should be given as high a pri-ority as refinements of policy. Sir John suggests that, when formulating policy, ministers should ask themselves "Is this concept too refined to be capable of expression in basic English—and if so, can we

modify the policy so that it can be so expressed?" He accepts that having to do that may be frustrating for min-isters. But, he says, that is part of the price to be paid if the rule of law is to be maintained. Particularly in industrial re-lations, he says, it is vital that the worker on the shop floor, the shop steward and management should be able to find out what the law does and does not allow by reading plain and simple words of guidance.

#### **Good Party**

The Liberal party in Canada meeting in Ottawa at the week end, reached one of its most sensitive resolutions. The youth wing was attacking back-room politics and, by implication, the leadership style of Prime Minister Pierre Trudeau. But, standing at the side of the hall while the convention threw itself into impassioned debate, was Svend Robinson, the New Democratic party

spokesman for justice. It was as if a Labour leader in Britain had slipped into the Conservative conference.

The enemy had slipped through the security, as he put it. "just to see the fun." He was spotted and security officials were instructed to

request his removal. But, short of calling the police which would have given the Liberals undesirable publicity, there was little that could be done to make Mr Robinson leave in a hurry.

He said he would go when he had drunk his beer. But

completed its business for the night and the fun was over. Observer

the time he had finished

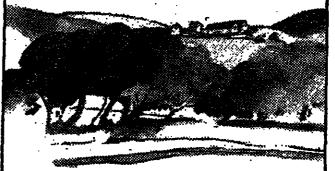
his drink the convention had

#### A PLACE CALLED MACALLAN

182.3

In the parish of Knockando, by the exuberant if chilly waters of the Ringorm Burn that flows into the fabled Spey stands the ancient manor-house of EASTER ELCHIES, for generations the nub of the activity surrounding the production of The Macallan malt whisky

<u>It is a matter of legend that whisky</u> has been produced here since the Middle Ages.

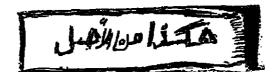


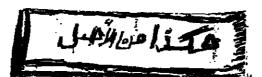
Today, however, it is a matter of fact that The Macallan is the best-selling malt at home on Speyside. And every day its name and fame spread further afield

both at home and abroad: but although it has come a long way from its misty origins. it tastes not a whit less magical.

#### THE MACALLAN THE MALT

Distributed in England & Wales by Matthew Clark & Sons Ltd. 183 Central Street, London ECTV 8DR





CHANGE IN SOUTH AFRICA

# Botha gets his opportunity

By J. D. F. Jones in Johannesburg

SOUTH AFRICA'S Prime Minister, Mr P. W. Botha—the former Defence Minister who claims to have committed his Government to reform and change—is having a good month The International Monetary Fund has ignored the protests of the United Nations tary runa has ignored the protests of the United Nations and the anti-apartheid movement and agreed, with American and European support, to lend the Republic Slbn to help it through the recession.

the extreme Right.

Elsewhere in South Africa, life has been continuing as usual. Dr. Beyers Naude, the country's most distinguished churchman and Afrikanerdom's most famous rebel, is getting used to the renewal of his banning order for another three years: Durhan City Council has voted to desegregate public tavatories but Johanneshurg holds back; the Namibian negotiations are still deadlocked; the Sri Lanka rebel cricket the Sri Lanka rebel cricket visitors, hailed here as cham-pions of freedom, are playing third-rate stuff; the drought has

about the availability of the IMF loan once the Cabinet had been persuaded a few months ago to adopt the sort of programme of monetary and fiscal restraint which was certain to appeal to the Fund — indeed,

Botha can relax--but now he

has no excuse

critics should note that one of the hidden benefits of the Joan is that it will help South Africa's technocrats insist that the politicians maintain restric-tive policies and exchequer cuts as long as needed, perhaps into

But the holding of four byelections on the same day was more of a gamble. The Government has for six months been selling the country, and in particular its own National Party, a programme of major constitutional reform which, apart from according on according to the same of the same tional reform which, apart from Ominously, the middle of the tional planners to include black creating an executive presi road Association of Manage change is the reason why the dency with Gaullist powers, is ment Committees rejected the opposition Progressive Federal

own Afrikaner rolks and was fighting two white supremacist parties to his right, the Conservative Party and the Herstigte Nasionale Party (HNP). In August he had a nasty fright when a provincial Transvaal by-election in Germiston, left the National Party victor with a minority of port, to lend the Republic Sibn to help it through the recession.

Last week Mr Botha's Germiston, left the National National Party won the three parliamentary by elections it the votes in a three-cornered was contesting without serious combarrassment — as he had feared — from his enemies on the extreme Right.

Lin the event, he can relax. In the event, he can relax. The upshot of the mini-election is that Mr Botha can claim he has a fresh mandate to add to

his thumping parliamentary majority. There is now no further reason for not getting on with the long-heralded reforms. But what will these reforms amount to? They can spell revolution to one South African but be of marginal interest to another. Mr Botha's supporters may perceive themselves to be changing dramatically while

changing dramatically while his critics continue to dismiss his policies as "cosmetic," "pragmatism," or "rearranging the deckchairs on the Titanic." The answer will have to emerge during this year ahead.
There are four broad areas
which deserve to be watched
because they will reveal the
extent and meaning of South African change. (1)-The constitution

The Prime Minister has challenged the racist prejudices of the Whites by proposing to find room for the Coloureds (2.5m) and Indians (0.8m) in a White (4.5m) political system. His offer can be improved decision to do fins—for what (2)—The Confederation ever motives—deeply disturbed: "South Africa is changing," large numbers of Whites. The say the advertisements, but drama of this volta-face must that is not intended to apply not be under-rated.

The problem is that he may have gone to all this bother without persuading the Coloureds and Indians to accept the invitation. So far, only a couple of the smaller and less influential Coloured organisations have agreed to co-operate, while there is evidence that many Coloureds have been radicalised, and driven closer in sympathy to the Blacks.



Prime Minister Boths seems to be holding off the challenge from the Right

Most people here agree that it is essential that Mr Botha windthe backing of the Labour Pagy, led by the Rev Alian Headrickse and the veteran Mr David Curry, at its annual congress early in January—and that is looking highly improbable unless the "white man's" offer can be improved.

to the political prospects of the country's 20m black majority. Except for the possibility of some black municipalities. Dr looking so rosy. All but one of Verwoerd's master plan under which the black tribes achieve their political expression in they do not intend to ask for ethnic "nation-states" (or home-large or handsteen as they wang which is the most reputlands, or bantustans, as they have at various times been dubbed) is to proceed on target if not on schedule.

The refusal of the constitu-tional planners to include black

constitutional guidelines a month ago and, even more dangerous fai. Mr Botha, the "Black Allience" (which links the Zolu Infatha Movement of Chief Buthafeel with the Indian Reform Farty and the (Colourode) Labour Party, seemed to say the same a forting the Most people here agree that it is essential that Mr Botha wingthe backing of the Labour Party, led by the Rev Allan

it can be seen to promote ecoa-omic decentralisation. mr Botha tackles this issue on Thursday when he has invited the leaders of the four existing independent nation-states—Transkei, Bophuthatswana, Venda and Ciskei—to Pretoria to discuss the setting-up of what used to be called a Constellation of Southern African States and has now become a Confeding to the version in the version is the version in the version in the version is the version in the version in the version in the version is the version in the version in the version in the version in the version is the version in the

The Confederation is not nation-states have made it clear they do not intend to ask for "independence." Bophuthats-wana, which is the most reputable of the four independents, has been explaining that it sees life point in an exercise which aspires to anything more than merely economic co-operation, But for the summit to make sense, it will have to touch on

of the Constellation - that it acted as a link with other states in the region.— is further away than ever, unless the Swazis, temporarily king-less, can be persuaded to agree to some deal with the aid of land grants.

3—Influx control.
Nothing challenges the reformists so awkwardly as the future of the Blacks in the white cities. Only right-wing ideologues will now deny that by 2000 over 70 per cent of the population of the white urban areas will be black. Mr Botha wants to work out some sort of minimal political deal and to

start to tackle the enormous requirements of housing, educa-tion and welfare.

Yet, in the middle of all this his officials have come up with the Orderly Movement and Settlement of Persons Bill, which proposes tightening up influx controls with measures such as greatly-increased fines and, in effect, a night curfew on Blacks in white towns. For the moment the bill has been delayed in a parliamentary con-mittee. Reformists, em-barrassed by this revival of old-style apartheid, are suggesting it will vanish.

The bill is a good example of Mr Botha's problems with his own old-guard bureaucracy and also of a contradiction within the system. Dr Piet Koornhof, the Minister responsible for black affairs, can weep publicly for the plight of black squatters outside Cape Town. Yet his officials organise pre-dawn raids to shovel them through jail and back to the homelands.

The appallingly convoluted diplomatic negotiation over the future of South-West Africa has a place in this because Mr Botha's Government must soon make clear whether it is prepared to agree the state of the state whether it is prepared to agree to Namibian independence which, since it will lead to a Swapo government in Wind-hoek, will be seen by many and terrorism. Meanwhile the by-election re-

Meanwhile the by-election results seem to confirm the gradual realignment of South Africa's white politics. The PFP controls the left-centre. The right is still contested by the Conservative Party and the HNP, which should both by now realise that they must join forces if they are to convert their grassroots support into parliamentary seats. Mr Botha's National Party still dominates the centre.

That has traditionally been a dangerous position in South African polítics. The most en-African politics. The most encouraging message of this minielection for Mr Botha is that the centre, for the moment, seems to be wider and more comfortable than some observers believed. Of course, he has to guard both his flanks. But he can hardly hope, or wait, for a better moment to press through with the reforms he has talked so much about.

#### Lombard

# What is wrong with the SDP

By Peter Riddell

is in danger of misreading the shift in British public opinion — and so wasting the opportunity it so successfully created last year.

and were reflected in the recent by-election results. The significant feature of both Peckham and Northfield was the low turnout. Unlike last winter's by-elections, voters disillusioned with the Tory and Labour parties stayed at home. The Alliance was left with a respectable share of the vote, the best third party performance for 50 years, but still obstinately short of the level needed for a breakthrough.

#### Variable

The Alliance has failed to establish a clear identity. And that really means the SDP; while the opinion polls show the Liberals with a roughly sleady share of the vote, it is the SDP which is the variable element and possible booster to the state of national success.

along for Mr Roy Jenkins, A MORI poll conducted during the Gower by-election showed that support for the SDP was essentially negative, based mainly on a dislike of other parties or a desire for a change. Only a small minority took a positive view and believed that the SDP had the best

#### Masochistic

My hunch is that this is be-My hunch is that this is because many of the SDP leaders have not yet grasped the populist and somewhat masochistic trend of public rather than deep local roots. There are large numbers of accompanied canvassers recently can give examples for sioned with Labour but not yet both the dislike of large committed elsewhere. And the organisations (whether local SDP has not so far produced housing authorities, big unions or state monopolies) and the attract them.

THE Social Democratic Party apparent willingness to accept is in danger of misreading the lough solutions. Mrs Thatcher has so far been the only leader to have exploited this mood. SDP leaders and activists fre-quently talk about the need for

created last year.

The doubts are apparent both inside and outside the party—posals for "democratising" the unions that means. And in their proposals for "democratising" the unions that means are apparent between the posals for "democratising" the unions that apparent the means are apparent between the proposals for "democratising" the unions that apparent the means are apparent between the proposals for "democratising" the unions that approach, whatever the means are apparent between the proposals for "democratising" the unions of the proposals for the proposals for "democratising" the proposals for "democrat unions, they may have struck a popular note. But in other respects the party's ideas are too often a product of the conventional thinking they condemn, reflecting the bureaucratic / interventionist strand in Labour

strand in Labour.

Mr Jenkins, for example, has repeatedly said he does not want to change the frontiers between the public and the private sectors. However, much of state industry is widely regarded as inefficient and remote. There are plenty of ways of breaking up state monopoties which are different from the Thatcherite approach of selling them to institutional shareholders. For example, why not hand over the Yorkshire coalfields to the miners? There is scope for co-operatives of all kinds, partnerships with the private sector and management national success.

Few people have much dustrial strategy drawn from enthusiasm for the SDP, let the 1960s.

There is also a problem of style. The SDP emerged as style. The SDP emerged as a counter-revolution against Thatcherism and Bennism by a dispossessed centre/Labour right establishment and by successful professional people and managers excluded from power—all in search of a better yesterday as one professionals. terday, as one pundit noted.
This group appears detached from deeply felt popular worries about housing, law and order and so on. At by-elections

#### Letters to the Editor

#### Import controls and the UK clothing industry

From the Director British Clothing Industry

Association Sir.—In his Lombard column on November 1. Mr Samuel Brittan recognises that in an emergency safeguard action has to be taken against imports. While we welcome his recognition that industry does sometimes need protecting, his conclusions as to the kind of action necessary are inadequate and inappropriate at least as far as the UK clothing industry

is concerned.
The problem the clothing industry faces is not the laser beam pattern of imports such as characterise Japan's exports to the West but a rapid growth in imports in dozens of product areas from an ever-growing number of suppliers, whose cost structures were radically different from those pertaining

The multi-fibre arrangement following spring. No evidence to which Mr Brittan refers twice in his article was negotiated under GATT in recognition that

#### Bank guarantee

From the Managing Director,

Sir,-A new Inland Revenue policy requiring a bank guarantee for payment of tax could prove an impossible barrier for people in the construction industry—and should concern all the self-employed.

In addition to the existing 714 certificate, the Revenue is now introducing a certificate 714S to be issued to those leaving full-time education or training and to the unemployed or anyone who had been working or living abroad. These certicates entitle the holders, as sub-contractors in the conas sub-contractors in the con-struction industry, to receive up to £150 a week without deduction of tax-

The unemployed and anyone returning from abroad must first arrange for a UK bank to give a guarantee that if they default for more than 30 days in payment of the tax the bank will pay the Revenue direct.
The guarantee will be for up to £2500 a year and the Revenue can make a claim sithin three years of the certificates expiry date. The costs of making the guarantee and atmosp duty fall on the tax-

will be their private. Both husband and wife

the nature of the threat was certainly never registered in such that Article XIX offered the retail price index where no remedy. The agreements clothing is the lowest single negotiated under the MFA do item and has scarcely risen in negotiated under the MFA do not provide a stop-on all imports but a measure of control on their growth in order to avoid redundancies on a massive scale in a major industry. Despite these provisions the industry has shed some 80,000 jobs, a quarter of its workforce, since 1975. I would suggest that an increased rate of job loss in the current economic climate would be considerably more expensive than import controls.

As for the price paid by the

than import controls.

As for the price paid by the consumer, the Consumers' Association has never to our knowledge claimed that the MFA put up the price of clothing by 15-40 per cent. It predicted in autumn 1979 that children's clothing would free by that amount by the

will be required to sign documents giving the bank a charge on the property.

Is this the thin edge of the wedge for all self-employed, who have been under increasing pressure from the Revenue in recent vers?

Richard Berry.

The Universal Jig Gauge Company.

5-11 Tower Street,

Management in recept years?
Dennis J. Fowle.
4. Valentine Place SE1.

#### Jobs and the strong pound

Sir.—Further to my letter to your column in November 1980 concerning "Jobs and the strong pound," I feel that I should keep you at fait with the current situation.

Overheads have been trimmed, the "dead wood" removed and automation introduced where possible—(being in the business of designing and building "one-off " special purpose machines. -that has been difficult).

This having been done, unfortunately the company, which has been in existence since 1918 is now about to cease trading, as export orders have virtually dried up, in particular

the U.S. and Canadian markets.
What I do find disheartening is that the plant and machinery which is due to be auctioned this month. I have been informed will mostly be bought to by dealers who will ship it out to South Africa and the Far 1

them. Even if they do, it that the only real that in December, 1,000-years that the able to plus of aggregate precision toool making skills will no longer be in employment.

the last few years.
As for subsidies the industry has always rejected such a course as distorting the market more drastically than any import controls, particularly as subsidies would of necessity be

handled on a national basis and not on a multilateral basis as is the MFA to which U.S., Canada, the Scandinavian countries, etc. are party.
The sales stickers are scarcely ever off the windows scarcely ever off the windows of the High Street shops. Prices advertised for imported garments in the trade press indicate artificially low prices rather than artificially high prices. The consumer pays very little for the limited protection the MFA affords the industry.

G. W. French. G. W. French.

Wellington House, 6-9 Upper St Martin's Lane WC2. Richard Berry.
The Universal Jig and
Gauge Company.
5-11 Tower Street, Birminghan

aid

From the Director Development and Training

Services,
Inbucon Management
Consultants,
Sir, While agreeing with
much of Mr. J. Quincy Hunsicker's article on matrix structures (October 25), it should not
be overlooked that these struc-

structure, many UK companies facing the uncertainties of recent years have found that they have been able to release give such an adjustment if the exactly the key managerial coverant is covered by net uncompetencies required for the earned income—that is invest-ment income received less dechange. When properly used.

This seems reasonable enough. such structures can and do en-courage effective decision-making throughout the organisation, together with the flexible use of managerial skills and styles,

sought by Mr. Hunsicker
A matrix structure used positively to facilitate change can
materially assist both the manliabilities running into thouse the same solution and pounds it is likely that the complexities of pounds it is likely that the complexities of resulting bank managers to support them. Even if they do, it there is not the complexities of representation of a later date.

Perhaps more disturbing is represent the complexities of regions that the only real than to Downton disturbing is represent the complexities of representation of a later date. Richard Alston, Knightsbridge House, 197 Knightsbridge, SW7

#### Basic research spending

eration.

From the Managing Director, Fulmer Research Institute Sir,—In your editorial of November 2 there was an assumption that UK basic research in universities and other national laboratories is a necessary element in the invention/innovation process, This assumption is inherent in our current culture of believing that it is un-British to develop ideas arising in other countries.

Contrary to popular myth, our first industrial revolution exploited many overseas inven-tions, but success fostered our native insularity, with consequences which are now all too evident. It really is not necessary any more, indeed I am arguing that it never was, for the spread of basic science in

the spread of basic science in Britain to match that which is going on eisewhere.

With our increasingly restricted spending we should concentrate on building up sufficiently large efforts in those areas in which we are most skilled and successful to be sure that the research teams can make real progress, and not spread the money so thinly that we are left panting behind in We are left panting behind in our fields of endeavour. More tap into the vast reservoir of vorld scientific knowledge. the way that we have been told, ad hauseum, the Japanese have been so successful. W. E. Duckworth, Stoke Poges, Slough, Berks.

#### Charitable covenants

as a transition or changeprocess tool.

By surfacing the unofficial 30) complains that he cannot working relationships in the enterprise by means of a maintain surface.

charitable covenants.
Our understanding Revenue view is that it will not give such an adjustment if the ductible mortgage interest paid. This seems reasonable enough. since the higher rate tax on such income is usually paid by direct assessment after the end of the year and it is only fair that the relief is given against it Where there is no such in-

come and the covenant is paid out of salary, a coding adjustment should be available. Some district inspectors seem to have been a little slow in grasping how to administer the relief, but we are assured that everything possible is being done to instruct them in its mysteries. M. J. M. Brophy, 48 Pembury Road, Tonbridge, Kent.

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# FINANCIAL TIMES

Monday November 8 1982



IATA TO DISCUSS ILLEGAL DISCOUNTING AND OVER-CAPACITY

# Airline recovery seen from 1984

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN GENEVA

which is passing through its worst act, walking a financial tightrope, ever economic crisis, is not likely to with the abyss of bankruptcy on the show signs of recovery until at least one hand, and the slippery slope of 1984, according to estimates by the subsidisation or permanent bond-International Air Transport Asso- age to the loan market on the oth-

lieves that the industry will lose about \$1.87bn this year, including overall deficit after interest in that year of about \$1.4bn.

ily the result of the gathering momentum of the airlines' own efforts

1984 they will have reached \$9.23bn. to put their house in order, including severe staff cuts, sales of sur- been stagnant markets because of plus aircraft and properties, and the recession, high inflation rates cuts in routes. It is doubtful if any and interest charges, currency flucimprovement in world economic tuations, soaring "user charges" (for conditions will play a part in this

tor-general of the IATA, is due to ties stemming from government tell the annual meeting of the assocration in Geneva today that "it would appear imprudent and unrealistic to assume traffic growth as new jet airliners are running at a factor of significance in the lore\$1.61bm for 1982, and will rise to seeable future."

Mr Hammarskjold says in his annual report that the economic outlook for the world's major trafficgenerating countries is "fragile," pect that the early 1980's will be more settled, trouble-free or predictable than the preceding five

He describes the problems facing the world's airlines as "staggering. "The industry overall is currently

THE WORLD airline industry, performing a precarious balancing

Mr Hammarskjold points out sents 120 of the world's airlines, be that from an overall operating profit of \$400m in 1978 (even after taking account of \$550m in interest payments in that year), the indus-try plunged into the red in 1979, ksinterest payments, and an even payments in that year), the industry sum of \$2.1bn in 1983. By try plunged into the red in 1979, los-1984, however, this collective loss ing \$350m, and since then has seen start to decline, with an its financial situation progressively

By the end of this year, the collec-This improvement will be primar- tive losses since 1979 will have The causes of these losses have such things as navigation aids, Specied recovery. landing fees and other airport. Mr Knut Hammarskjold, direccharges), and operational difficulregulations, and political difficulties throughout the world.

> Interest costs alone on fleets of \$1.73bn in 1983 and

operating costs operating result



Mr Knut Hammarskjold.

makes it clear that some of the airlines' troubles can be laid at their own door. Fares are often too low, producing inadequate yields. More-over, the illegal discounting of fares (selling tickets at below officially Mr Hammarskiold says that the many routes, with the result that and other assets. load factors (the percentage of seats sold), are too low and many routes

to repairiate earnings in those countries. About \$600m of airline earnings are blocked in this way. Mr Hammarskjold makes it clear, however, that putting the situation right is as much a matter for individual arlines as for govern-ments, Airlines cannot look to any major new technological breakthroughs (comparable, for example to the coming of the jets in the mid-to-late 1950s) to help them boost productivity and get out of their troubles, he stressed.

Several major airlines, such as British Airways and Pan American, have undertaken severe retrenchment measures over the past year or so, which appear to be working. IATA believes, however, that many more of its members could undertake similar self-disciplinary meth-

agreed rates) is costing the airlines airlines will find it difficult, on curabout \$1bn a year in lost revenues. There is also too much capacity \$104bn that they will need during with too many seats on offer on the 1980's to invest in new aircraft

> During 1982, investment to replace ageing aircraft is estimated at \$3bn. "An operating loss after inter-

d \$1.84b nmarskj	n in 1984. jold also	al of some pecially in	foreign go Africa, to p	vernments, ermit airli	es-tryw nes than		equity ratio says.	of worse
WO	RLD AIRLIN	IE INDUSTR	Y'S FINAN	CIAL SITU	ATION (in	U.S.\$mj		
	1977	1978	1979	1980	1981	1982	1983	1984
les	19,300	23,450	28,800	35,600	36,940	39,020	44,010	50,110
	18,450	22,500	28,650	36,500	37,190	39,280	44,380	49,670
	850	950	150	-900	-250	-260	-370	440
	550	550	500	950	1.410	1.610	1.730	1.840
est	300	400	-350	-1,850	-1,660	-1,870	-2,100	-1,400

Source, IATA Economics and Industry Finance Division

#### Gen Eitan 'gave green light' to **Phalange**

By David Lennon in Tel Aviv

GENERAL Rafael Eitan, the Israeli Chief of Staff, ordered Phalangist forces to resume their operations in the Palestinian refugee camps in Beirut after local Israeli commanders had ordered them to be halted because of reports about attacks on

This was revealed by General Amos Yaron, commander of the Israeli forces in Beirut, in his testimony to the commission of enquiry into the massacre of hundreds of Palestinian refugees in the Sabra and Chatilla camps in September. General Yaron said that before

the Phalangists were sent into the camps he had warned them not to harm civilians, because "I am familiar with their norms of behaviour." Fear about what the Phalangists

might do led the Israeli commander to monitor their actions by setting up observation posts on nearby rooftops, eavesdropping on Phalangists communications and personally sitting with the Christian commanders whenever he had time.

The Phalangists entered the camp on Thursday night. On Friday morning, General Yaron told the commission he decided to recommend to his superior General Amir Drori, who was in command of the war in Lebanon, that the Phalangist action be stopped. He did so be-cause he had "uneasy feelings" General Drori ordered the Phal-

angists to halt advance within the camps the same morning. At the same time, General Yaron gave them permission to replace their tired troops with fresh ones. In the afternoon General Eitan,

the Chief of Staff, arrived in Beirut to consult with his own commanders and the Phalangists. After the Christian commanders had assured him there had not been excessive civilian casualties, he congratulated them on a job well done

This was apparently the green light for the Phalangists to resume their operations, in the opinion of General Yaron.

 David Tonge in London adds: The Lebanese Government has requested British participation in the

Algeria Algeria Advances Advances Bergeria Berge

World Weather

# Britain freezes gas prices to industrial users for 9 months

BY RAY DAFTER, ENERGY EDITOR, IN LONDON

BRITISH GAS Corporation is to expected to announce today that sured of firm supplies pay more freeze the contract price of gas sold prices will remain unchanged until to industry for an extra nine October.

The move, expected to save Britain's industry over £70m (\$117m) a year in fuel costs, is thought to form part of a package of Governmentbacked measures designed to aid the country's biggest energy users. Industrialists are also expecting some relief from prices paid for

bulk supplies of electricity.

Prices of gas sold under contract

around 26p to 30p a therm since March. They were due to rise in each quarter next year, beginning on January I. Now British Gas is

Although the Corporation is exods of peak demand. pected to emphasise that the deci-sion has been taken on commercial

grounds, it is thought that the undertaking has been urged by the Government to give further relief to Contract prices covering firm

supplies of gas are already well be-low rates for gas oil, which is reckfueL

Contract sales account for be-tween 40 and 50 per cent of total British gas output. Companies as-

than those which have agreed to buy on an interruptable basis and which face being cut off during peri-

British Gas is likely to say it hopes the move will stimulate deed sales. The Corporation's board believes that it can still meet new financial targets about to be announced by the Government while still holding down prices. Tariffs for gas supplied to domes-

tic users are unlikely to be frozen, although future increases should be much lower than in the past three years, when - largely as a result of Government directives - rates were

#### Britoil 'bonus' plan UK to cut employer for small investor

surcharge BY RAY DAFTER, ENERGY EDITOR Continued from Page 1

ry ministers have been worried about the increasing leakage of consumer demand into imports. They are anxious also to help to restore alty bonus. the export competitiveness of industry, as well as to help improve

The Chancellor's dilemma was increased because he has to announce any cut in the surcharge this autumn if it is to have an effect

profits from historically very low

on economic activity next year. The Chancellor will emphasis the continuing strategy of reducing interest rates to stimulate economic growth. He will be able to point to a teady reduction in rates this summer. He will also hold out hope that nterest rates will continue to fall as inflation comes down to an expect-

ed 5 per cent next spring. The Treasury's economic forecast, which in its expanded form this year runs to some 30 pages of typescript, will be considerably more gloomy about the prospects for a recovery of output than it was at the time of the budget last

It was then expecting that output this year would be about 1% per cent above last year's level.

THE UK GOVERNMENT is expect-

hares in the Britoil corporation next week by offering a special loy-

Purchasers who are still on the share register in about three year's time are likely to be offered one free share for every 10 held under a scheme which has been thrashed out by energy ministers and their

Details of the scheme are expect-ed to be contained in the weighty offer prospectus which will probably be published later this week.

The Government is hoping that the sale of 51 per cent of Bristol's shares will be completed by the middle of next week. It is aiming to raise between £500 and £550m.

Loyalty shares will be offered only to small investors, probably those holding less than £5,000 to £7,500 worth of stock. The move would mean that the UK Government's interest in Britoil would be further di-underpricing the concern. luted when the bonus shares are

mately account for at least 10 per more than £500m.

cent of the total Britoil share capied to tempt small investors to buy tal. It believes that a wide distribution of shares will help to thwart any political attempts to re-nationalise the exploration and production

> The Labour Party has already committed itself to re-nationalising Britoil, if it returns to power. Oppo-sition energy spokesmen, Mr Mer-lyn Rees and Mr Ted Rowlands, are ikely to be in Labour's front line of attack, when Mr Nigel Lawson, Energy Secretary, announces the date of the sale in Parliament during the

> next few days. Ministers and their advisers in the City of London are about to put the finishing touches to the offer document. They are likely to price the 300m to 400m shares to be offered in such a way as to raise over £500m. Mr Lawson is anxious to avoid a repetition of the Amersham International offer-for-sale earlier this year, when the Government was attacked by many for seriously

It is thought that Mr Lawson be lieves that a price of about £450m The Government is hoping that for 51 per cent of Britoil's assets the small stockholders will ulti-would be doing his best to raise

# French import curbs

Continued from Page 1 The upgrading of their data pro-

cessing equipment had been planned in part to strengthen the French anti-terrorist force. The decision that the intelligence forces should buy French is in line with official policy to "reconquer the domestic market."

The internal administration

quotas, import deposit schemes and

many and Denmark, the countries "reputedly most liberal," make most use of technical qualifications and

The document says of the "Buy study comparing restrictive import British" campaigns over the last practices within the EEC says that four years: "It is still too early to Britain and Italy have the most di- judge the effectiveness of these verse range of obstacles. Britain, campaigns, which grow more nuthe study says, relies on country of merous and sophisticated; but there origin labels, voluntary restraint is a striking resemblance between agreements, "Buy British" publicity them and some of the recent initiacampaigns and customs formalities, tives of French policy towards rewhile Italy still uses residual import conquering the domestic market." | fully.

# advance in Gulf offensive

Iranians

By Our Foreign Staff

IRAN has won a significant victory over Iraqi forces in the latest fighting in the Gulf war, according to

Iranian troops launched renewed attacks on Saturday as part of their week-old offensive. The Iraqi official news agency confirmed that the Iranians advanced up to three miles into Iraqi territory, opposite the Iraqi city of Amarah.

The present assault does not appear to be the all-out attack on Iraq ositions which has been expected for weeks. But the Iranians claim to have killed or wounded 4,000 Iraqis and taken more than 1,500 prison-

The success of the Iranian attack was confirmed by Western corre spondents over the weekend, al-though the number of Iranian casu-

The offensive regained the Iranian oilfield of Bayat, which before the war was pumping 25,000 barrels a day of crude oil. Reporters say that they saw little sign of the Iranians launching a more extensive attack in this area.

Iran has not made a general at tack on the Iraqi forces since July, when its forces failed to take or cut off Basra despite five major at-tacks. This followed the recapture of the Iranian port city of Khorram shahr earlier in the year and heavy

For the moment, the Iranian strategy seems to be to spread out the Iraqi forces on the long frontier between the countries by making attacks in division strength. The Iraqis in turn have adopted a more elastic defence. Many of their men are held in reserve for use in counter-attacks, rather than kept in the front line.

The Iranians, however, are get ting close to the main highway link-ing the Irani capital Baghdad to Basra in the south which, if they reached it, would disrupt Iraqi communications. This makes it difficult for the Iraqis to retreat much fur-

In Tehran, Hojatoleslam Hashemi Rafsanjani, speaker of the Iranian Parliament and one of the regime's most powerful figures, em- extremely satisfactory portfolio phasised yesterday that, if neces sary. Iranian forces would advance on Baghdad itself. "We have said it before," he added. "We know no limit until we get our rights."

#### **Opec links** urged on **Mexico**

Continued from Page 1 The question is do we want to export more at lower prices, which s what may happen if we maintain our autonomous policy and increase exports. The market is very frag-

Mexico, battling with an \$80bn foreign debt crisis and more than ever dependent on oil for its revenue, is exporting 1.7m barrels a

The document says exports could be increased to 1.8m to 2m b/d in the near future if there were a moderate increase in demand, and Mex ico could obtain the necessary fi nancing to improve some of the infrastructure in its oil industry like storage capacity.

Mexico's present and potentia clients have indicated that they could take a total of 2.5m b/d by 1985. The document notes that "a: increase of this size would certainly reaction from other pro ducers.

The idea of closer ties with Ope is therefore gaining momentum in Mexico as a way to avoid, in the words of one of the authors of the document, "cutting off each other's

Saudi Arabia was incensed by Mexico's recent agreement to sell more oil to the U.S. strategic reserve at well below the Opec reference price. Mexico urgently needed a \$1bn payment in advance because its hard currency reserves were precariously low.

The document warns of the dangers of such deals "undermining the negotiating power of oil exporting countries and raising doubts about Mexico's solidarity with certain principles maintained by Opec."

Mexico has traditionally based its pricing policy in accordance with Opec's price movements.

Mexico's 57bn barrels of proven reserves of oil and natural gas are the world's fifth largest. But only a small part of the country's oilbearing territory has been explored

#### THE LEX COLUMN

# Institutions raise their profile

A new detachment of cavalry is emerging over the horizon to reinforce the beleaguered UK industrial sector. In the past couple of months there seems to have been a major rethink in some of the largest financial institutions on the merits of investing in the problem areas. Up to now the British banks have taken most of the strain, but the instin-tions may in future be prepared to pump substantial new equity into companies, even where market cap-italisations have fallen to minimal levels. Investments are likely to be accompanied by management changes and reconstruction - possi-bly of an entire sector. The Pruden-tial which formally established a corporate finance unit three weeks ago, is a key figure among about 10

#### Book losses

Board pension funds.

The recession - now well into its third year - has generated a long list of companies reliant on their bankers' goodwill. In many cases, hard work on the trading front is being undermined by mounting levels of debt and interest charges. To continue trading in the current cli-mate - or to finance an upturn these companies need fresh capital if gearing is to be held in check. In-deed some are inhibited from rationalising by the destructive impact the book losses would have on their balance sheets. Conventional rights issues are not the answer, while institutions like FFI may al-

ready be doing all they can. The

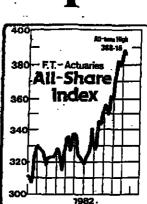
size of the problem requires bigger

institutions adopting this approach; others include M and G, and the UK

Post Office and National Coal

guns, which explains the discreet orchestration of the financial insti-tutions being conducted by the Bank of England. The clearers are growing increasingly concerned about the continuing problems of some big industrial companies. While political reasons explain part of their reluctance to resort to bankruptcy procedures, another consideration is that the assets of many companies have little market value anyway. The banks' concern is exacerbated by their own falling earnings, not to speak of the problem of provisions for sovereign lending. By contrast, the invest-ment institutions are waking up to

the fact that they have enjoyed an performance to recent years - and they must be feeling more relaxed about fulfilling their minimum obli-



comprate sector have now been established between institutions and

The life assurance funds have few restrictions on their investment strategy, but the pension funds are more circumscribed. In general the duty of a pension fund trustee is to act in the interest of the members. So the funds must justify an approach in which, whatever else, short-term investment criteria are certainly not uppermost. They argue that in fact such equity injections represent an extension of the recovery fund approach, which assumes that the stock market overreacts to a sharp downturn in a company's fortun

Other justifications concentrate on the knock-on effect of individual corporate failures. If the forging sector disappears in the UK, for instance, companies dependent on the product are threatened. This argument can only be used convincingly by big funds, which hold a "UK plc" portfolio - so it is no coincidence that these are the most active. Nevertheless, political considerations cannot be wholly ruled out; an actively interventionist track record might be no embarrassing thing to wave in front of any incom ing Labour administration.

Funds have exerted an influence on company board policy in the past, and they have also been involved in company reconstructions. Nevertheless, their accustomed po-sition has been very much in the back seat. In the reconstructions of the Weir Group and Stone Platt, for instance, it was the banks that bore the brunt. When a new board was appointed to ICL, the institutions were essentially rubber stamping a Government initiative.

The institutions have proved സാൻ സസം ressive over Paternoster Stores. Nevertheless, Wool- is one thing. Becoming sucked into worth hardly represents the kind of long-term reconstruction commit-

ample of the new approach is the proposed establishment of Sheffield Forgemasters - to be jointly owned by BSC and Johnson and Firth Brown. The establishment of the new company depends on the placing of £10m of convertible prefer ence shares. Institutions which have committed themselves to taking a stake admit that it does not fill them with enthusiasm. Nevertheless, it looks as if Lazards is slowly but surely approaching its target, helped by explanatory meet-ings at the Bank of England. It can be safely assumed that the wider importance of the development is

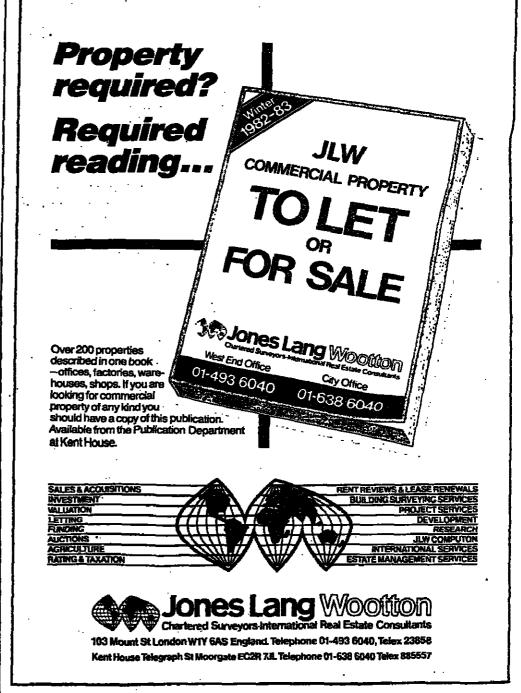
being stressed here. The enrolment of the institutions in a sotto voce industrial lifeboat is taking place in the context of radical reorganisation by many major companies. For the first two years of the recession, companies concentrated on the disposal of loss makers and the elimination of surplus labour. Now exercises are becoming more fundamental often involving radical changes of direction.

Blue chips like BP and ICI are in the middle of major structural changes, and their plastics deal was aimed at cutting overcapacity in the industry. Ti has agreed a deal allowing it to get out of aluminium entirely, and is investigating what to do about its hot tube-welding business. The shake-ups often involve an element of decentralisation, and the slim-line London headquarters of successful companies like GEC, BTR and Hanson Trust may become less of a rarity.

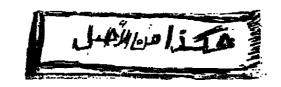
#### No panacea

The institutions seem very aware of these developments, and are likely to insist on similar moves as a condition of involvement. There are a series of cases under consider ation, and the earliest progress is likely in rationalising sectors where there are a limited number of big pleyers. But an expanded institutional role will by no means be a panacea for every company in trou

The problem for institutions is that they may find themselves with a lot more responsibility than they bargained for. Certainly, their enthusiasm for recovery situations may become dimmed if pressure builds up to make heavy additional investments. Buying high risk shares for their recovery gations. At any rate, informal links industrial company over which ments involving substantial new in-dealing with the difficulties of the there is most concern. A better ex-



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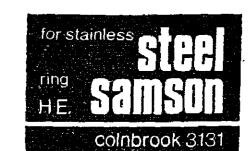




# SECTION II – COMPANIES AND MARKETS

# FINANCIALTIMES

Monday November 8 1982



BUY NOW. PAY LATER ISSUES KEEP EUROBOND MARKET LIVELY

# Avalanche of new bonds absorbed with ease

BY ALAN FRIEDMAN IN LONDON

THE EUROBOND market moved into high gear last week, pushing out \$1.7hn of new issues in the dolar sector and reasserting its bullish sentiment about declining interest.

The delayed payment technique

the potential capital gain to be purchase price immediately and made if interest rates continue falling. An investor puts 25 per cent the potential capital gain to be purchase price immediately and made if interest rates continue falling. An investor puts 25 per cent the potential capital gain to be purchase price immediately and insert sets of interest rates continue falling. An investor puts 25 per cent the potential capital gain to be purchase price immediately and insert sets of interest rates continue falling. An investor puts 25 per cent the potential capital gain to be purchase price immediately and insert sets of 10% per cent issues are available in larger block down now and the balance in six week simply do not compare fallow now and the balance in six wait for rates to fall further," ex-

Thursday and Friday alone saw a flood of \$1.2bn of new paper and even though the dollar sector weak-ened slightly on Friday afternoon, the market gained well over a point

on the week.

The indications are that despite the avalanche of bond issues, fuelled by just about everybody's expectation of another discount rate cut by the Federal Reserve, the new paper is being absorbed. It is not being devoured by investors, but the appetite clearly exists.

One major reason for the healthy new issue market, aside from declining interest rates, is the widespread adoption of delayed and partial payment gimmicks which allow investors to buy now and pay later. The principle of partial payment, long known in the UK gilts market, is simple enough. The investor

is another permutation of this idea - the investor commits to purchase now and makes full payment a few

weeks or months later. The attractions of such techriques are at least threefold:
For non-dollar-based investors intimidated by the strength of the
U.S. currency, a delayed payment means that by the time the cash is needed the dollar may have weak-ened and the cost of buying dollar bonds with Swiss francs or Dutch

builders is reduced. For investors who are "fully invested" already and will not have the ready funds available until early next year, the partial or deferred payment means a cheap entry into a bond whose coupon could look rather attractive in a few months

Perhaps the most speculative at-traction for investors, however, is around % per cent off the borrow-Perhaps the most speculative at-

(assuming they do) and the bond price rises, the investor can eventually pay the remaining 75 per cent of the purchase price and then sell

the paper at a premium over issue price, netting a useful capital gain. The concept is not so different from buying a warrant, holding on to it until interest rates have fallen well below the level of the coupon obtainable with the warrant, and then exercising the warrant to buy the bonds and sell them at a profit. Needless to say, warrants for 12 or 13 per cent bonds are much sought after these days, either for speculative purposes or because such a coupon could look very attractive in-

into single-digit coupons. New issue managers reckon that reduces the attractiveness of the isby utilising a pertial or deferred

deed if the market moves decisively

plained one Eurobanker.

The other side of the coin is that U.S. - a 10 per cent coupon on a \$200m 7½ year bond, led by Morgan

The GE bond also carried with it both partial and delayed payment gimmicks. It is priced at 99%, but only 14% per cent is payable - and not until January. The remaining 85 per cent balance is not due until next July. For the speculator, here is a quality name with various attractions. For institutional investors, though, the 10 per cent coupon

In some "ways the Eurodollar sons are that many investors seem bond market is getting ahead of it- to prefer discount-priced paper to

Take, for example, the following investors are being asked to buy some very aggressively priced issues. The lowest coupon seen in more than two years came out last week from General Electric of the very aggressively priced issues. The lowest coupon seen in more than two years came out last week from General Electric of the very seen to the coupon of the c per cent coupon and a price of 99. At a pre-market price of 97% these

bonds yield 10.72 per cent. John Hancock's 12 per cent bonds, launched a month ago and still available in the market vield 11.17 per cent at a price of 103%. Canadair's 12% per cent bonds, launched six weeks ago, yield just above 12 per cent at 102%.

per cent yield when equal quality paper with a better yield is still available? The two most cited rea-

cent coupon on Bayer's DM 150m seven-year private placement. In the Swiss franc foreign bond sector, it emerged that Japan's Ex-Im Bank is planning a SwFr 100m pub-lic issue through Swiss Bank Corporation next January, the borrower's first-ever external bond.

Banque Gutzwiller Kurz Bungener confirmed that it is launching the first Euro-New Zealand dollar bond issue today for New Zealand Forest. Products, a NZ\$12m to NZ\$20m issue bearing a 17% per cent coupon at a price of 99 over five years.

Back in the Eurodolar bond secbove 12 per cent at 102%. tor Japan Air Lines is raising \$54m.
Why buy a new issue with a 10.72 with a 15-year non-callable 11 per cent issue led by S.G. Warburg and IBJ International. This is a currency swap transaction and the counterparty is believed to be TWA, the

**CREDITS** 

### UK banks close to debt agreement with Buenos Aires

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BRITISH BANKS are believed to ences left over from the period of fi-nancial sanctions that followed Argentina's seizure of the Falkland Isands in April.

The agreement, covering some S440m of unpaid Argentine debt, is Sr Carlos Langoni will travel to Euvital if Argentina is to obtain some additional badly needed linance.

Leading international banks have made it plain that a full normalisation of relations with British banks is essential before they can proceed with a \$1.1bn bridging loan. A similar condition is thought to apply to Argentina's hopes for a \$750m credit from the Bank for International

Both these credits still seemed some way off at the weekend but Argentina is clearly under pressure with British banks, Talks between Central Bank governor Sr Julio Gonzales del Solar and the four leading clearing banks continued into the weekend in New York.

British bankers warned, however, that the text of any agreement ng open the possibility of last- pires in two weeks' time. minute disappointments. The This would allow time for serious agreement would also cover only talks on a permanent rescheduling ateral debts between British

Once signed, the agreement hind with interest payments.

would clear the way for progress in Meetings to discuss debt relief one area of Latin America's serious are also scheduled shortly between debt problems. Progress was also commercial banks and Bolivia. Cosapparent elsewhere last weak, with ta Rica and Ecuador. The ravages

It also underlines the growing bebe close to an agreement with Ar-gentina which could settle differ-banks are ready to act quickly to prevent any Brazilian debt problems getting out of control, provok-ing renewed loss of confidence in the banking system.

> rope this week in an effort to arrange further short term finance from European banks. He is also expected to explain Brazil's plans to raise another \$10.6bn in foreign loans next year.
>
> This would be a sharp fall on the

1982 requirement of 517bn

Whatever the final requiremen commercial bankers increasingly point out that Brazil could have access to International Monetary Fund finance with only limited additional economic policy conditions to settle its remaining differences once this month's general elections are out of the way.

Mexico, meanwhile, is promising to reach its agreement with the International Monetary Fund very shortly. The agreement, even if it comes, will not prevent the current moratorium on repayments of pubwould still have to be ratified by the lic sector principal being extended government in Buenos Aires, leav- for three or four months after it ex-

of public sector debt, though attenbanks and Argentina and not syndition is also shifting to the private cated loans in which UK institu- sector, which has total debts of tions have joined with other banks. around \$17bn and is seriously be-

news that Brazil has arranged caused by all these problems in the short-term bridging finance totall-ing around \$1bn from leading U.S. lined by new figures from Morgan Guaranty Trust showing that syndi-This has done much to allay im-cated loans to non-oil developing mediate fears of a foreign exchange countries fell to \$748m in October liquidity crisis developing in Brazil from \$1.24bn in September.

**CURRENT INTERNATIONAL BOND ISSUES** D-MARKS Asian Devt. Bank ‡ 1884 France \*\*‡ U.S. DOLLARS 1992 1992 1**989** 10 54 7 8% 7% 7% Du Poati 11.250 Deursen DG Bank 18.758 Bayer ""‡ Clécory Senuel Montag Wood Gundy Coutsche Bank 11.509 11.348 12.000 SWRSS FRANCS KBM ‡ Postipaniški 1992 1992 1992 1987 Postipentki
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Deutsche Besk, CSFR, SBCI 10.375 10.660 10.750 10.875 11.125 Coca Cola ‡ Gen Electric ‡ 1988 1990 1987 1988 1997 1994 1994 1990 1989 1987 1989 198 200 189 290 198 100 100 100 54 56 78 1987 1987 1992 1992 EDC † World Back † World Back ‡ Gen. Foods ‡ Gulf Oil ‡ CSFB, Saleman Bros. Merril Lyack CSFB, B.A. lati. 16.500 10.375 10.375 STERLING Eurofina ‡ Bk. of America : Warner-Lambert 28 1989 7 11 991/2 NEW ZEALAND DOLLARS CANADIAN DOLLARS 1992 141/2 100 180 1987 91/6 NHE Bank 11 Resistered with U.S. Securities and Exchange Com # Five transher Note: Yields are calculated on AIRD basis. Not yet priced.

This announcement appears as a matter of record only. The Notes were offered and sold outside the United States of America.

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8th November, 1982

U.S. BONDS

### Fed disappoints but underlying trend remains firm

U.S. bonds prices rode out the uncertainties of the mid-term Congressional elections and the first stage of the Treasury's \$13bn quarterly refunding last week on the expectation that the Federal Reserve would soon have the room and the reason to cut the discount rate from 9.5 per cent.

When the Fed failed to cut the rate bond prices closed the week on a downbeat although the underlying trend, as evi-denced by the renewed surce in new issues and shelf registra-

tions, remains firm.

Trading volume in Government securities was thin on Monday, non-existent on Tuesday with most of the banks and

Fed. Funds wklv av. 9 43 9.44
3-month Treas. bul 774 7 89
3-month CD ...... 9.00 9 17
30-vaer Treas. bond... 10 83 11 23
AAA Utility ...... 11.50 12 00
Source: Selomen Bros. (estimates).
In the week to October 27 Mt
Increased by \$2.7bn to \$470 2bn.

financial institutions closed for election day, but picked up in

While the spotlight switched back to the stock market in the election aftermath bond markets got on with the business of

the quarterly refunding.

The "old" Treasury long bond did in fact trade at an alitime high of 130 7/16 at one point on Wednesday before the market decided that the refunding root and root are refunding root. ing was not going quite as well as some had expected.

Nevertheless the auction of S6bn of three-year notes on Wednesday and \$4bn of 10-year notes on Thursday produced reasonably healthy retail demand and sharply reduced

The upset was to come on Friday when despite further signs of weakness in the U.S. economy revealed in the latest Fed drained reserves from the

The markets recovered from that setback quickly. Fed funds which traded up to 9.75 per cent rushed to file ne dropped back to between 9 per under Rule 415. cent and 9½ per cent aided by predictions from Dr Henry

Kaufman, Salomon Brothers' chief economist, that the Fed could not afford to disappoint the market. Dr Kaufman said the Fed would cut the discount

the Fed would cut the discount rate by half a percentage point or even a full point either on Friday or today.

Dr Kaufman's soothing words were however swept aside less than an hour later when the Fed announced an unexpected \$2.7bn jump in M1 and failed to cut the discount rate. cut the discount rate.

The credit markets once again begin a new week waiting for the Fed to move. The discount rate cut-may need now to be a full percentage point to calm market nerves and allow the bond price rally to continue.

Tomorrow the October retail sales figures will be published providing another indication of the retail of the trial of the U.S. the state of the U.S. economy.
Friday will bring the monthly

figures for M2 and both statistics could affect the Fed's decision on whether or when to continue its easing of credit Despite the uncertainties corporate bond prices showed

about a two point gain on the week and new issue volume totalled a very healthy \$1.79bn from 21 straight debt issues. Among the new issues Among the new issues brought to the market American Express Credit Corporation launched a \$50m issue of 10.75 per cent notes followed by a \$100m issue of 30-year debentures priced to yield

11.997 per cent.
Dresser Industries came to the market with \$100m of 25year debentures yielding 11.8
per cent, Mobil launched a
\$200m issue of 10-year notes
priced to yield 10.9 per cent and Honeywell offered \$100m of

10-year notes priced to yield 11.21 per cent. Deere offered \$200m of sevenyear notes priced to yield 11.712 per cent and United Technologies brought a \$100m Issue of 30-year debentures to the market bearing an 11.25 per

cent coupon.
While Exxon completed the

Paul Taylor appointed assistant general

# Denmark in efforts to regain bankers' confidence

the U.S. in coming days with good news about the country's economic future: The balance of payments deficit should be re-duced considerably in 1982 and, if the Folketing (parliament) reaffirms its backing for the minority government's tough approach, again next year, further reductions can be exapproach, again next year, reductions in 1984.

further reductions can be expected in subsequent years

Confidence among foreign case remain very large. The banks in the ability of Denmark last official estimate for 1983 banks in the ability of Denmark to tackle its problems wilted perceptibly in the summer and early autumn as it became apparent that the then Social Democratic Government was un-

minister, Mr Hening Christo-phersen, will visit the King-dom's bankers in Europe and tion of both wages and transfer the U.S. in coming days with incomes such as welfare benea year over the next two years. Second is a curb on public spending which will prevent any real rise in spending in 1983 and aims for outright reductions in 1984.

was DKr 32bn of which the state expected to raise about DKr 3bn and other public sector borrowers almost all the rest. This estimate was based on Democratic Government was unable to get parliamentary support for measures it thought necessary.

The bankers' concern was caused primarily by the seem-ingly inexorable rise in the balance of payments deficit, which had been expected to include the part of the part wards the and of payr wards the assumption of a current external deficit of DKr 20bn.

The deficit is now expected to come down to DKr 15-DKr 16bn.

If Government policies begin to be payred to be pay which had been expected to in- wards the end of next year, crease to about DKr 20bn private sector capital imports

new finance has had two main achievements calls on the market by stepping

fits and pledges to hold wage raised about a third of its increases to about 4 per cent requirements in the bond market and, although the bond market and, although the bond markets have become more choosy recently, the government intends to stick to this strategy. The price of Danish bonds in the secondary market has slipped slightly in recent months

against those countries with which Denmark likes to be compared. The government expects this to change from now on.

The banks are unlikely to get much sympathy from Denmark if they try to extract bigger spreads. When London inter-

bank offered rates (Libor) were 16 per cent to 17 per cent, an extra 16 of a point was neither here nor there, but with Libor more critical, said an official. should rather seek to differen (\$2.2bn) or 4½ per cent of may take some of the burden more between the good and the gross domestic product this off the Kingdom.

The new four-party coalition limit the frequency of its own the best risk borrowers.

#### Cardo and Alfa-Laval in genetics venture

By Carla Rapoport

CARDO and Alfa-Laval, two of Sweden's largest industrial groups, have combined their biotechnology interests to create AC Biotechnics. The new company will specialise in genetic research for the food, pharmaceutical, chemical and pollution control industries. Biotechnics will be owned equally by its parents and have an . initial equity capital of SKr 50m. Operations of the Swedish-based company will begin in 1883 and first year soler of SKr 100m (\$13.4m) are

sales of SKr 100m (\$13.4m) are

The decision to form Bio-technics follows hard on the heels of the recent investment by four Swedish groups in Genentech, a leading U.S. genesplicing company. Genentech recently announced that a Swedish consortium, jed by Alfa-Laval, bought 6.5 per cent of Genentech's shares in a pri-At that time, Mr Harry Faulkner, president and CEO of Alfa-Laval, said, "We are looking forward to an exchange of know-how and cooperative efforts with Genentech."

# Increased offer for Pabst by Heileman

BY PAUL TAYLOR IN NEW YORK

G. Heileman Brewing Company. G. Heileman Brewing Company, the fourth-largest brewer in the U.S., is to make a cash offer worth up to \$150m for control of Pabst, the nation's fifth largest brewer. The complex deal will subsequently involve Olympia rewing; another major force in the industry.

Heileman's \$25-a-share bid for in to 6m Pabst shares would lift its existing stake in Pabst returning to the courts with a from 400,000 shares or about suit, still to be heard, attempt to 78 per cent and will be subject to a minimum of 3.7m conce Heileman has raised its stake in Pabst to 78 per cent it

The offer, agreed in principle by the companies, is Heileman's

ment on anti-trust grounds.
That offer followed an unwelcome \$20-a-share bid for Pabst
from C. Schmidt & Sons, a
small Philadelphia - based

computated merger deal designed to defeat the plans of Mr Irwin Jacobs, a dissident Pabst investor who controls 14 per cent of Pabst. complicated

Two weeks ago Mr Jacobs, through his company JMSL Aquiring Corporation made his latest bid for control of Pabst with a two-stage offer worth \$22-a-share. Pabst responded by

stake in Pabst to 78 per cent it will propose mergers to Pabst and Olympia. It will retain some of the Pabst and Olympia assets and spin the remainder by the companies, is Heileman's some of the Pabst and Olympia second bid for Pabst and marks assets and spin the remainder the latest stage in a bitter year long fight for control of the Milwaukee-based brewer.

In June a Heileman \$24-a share offer for Pabst was Heileman would inject cash into blocked by the Justice Departing of a still trust grounds with UP to 3.15m barrels of it and undertake to supply it with up to 3.15m barrels of beer for five years.

Heileman and Pabst have consulted the U.S. Justice smail Philadelphia - based brewer.

In the meantime Pabst has bought a 49 per cent stake in Olympia Brewing as part of a partment's approval.

#### Top posts at Lloyds Bank International

9 Mr J. H. A. Merryweather, formerly chief manager, Switzerland, has been appointed managing director of LLOYDS BANK
INTERNATIONAL (Belgium)
SA, Lloyds Bank group representative to the EEC and principal
manager of the bank in Belgium.
The EEC properties of the bank in Belgium. manager of the bank in Belgium.
The EEC representational appointment is a newly-created post. Mr Merryweather will be based in Brussels. Mr J. B. Galbraith has been appointed chief manager, Switzerland, based in Geneva. He has also joined the board of Lloyds Bank International (Guernsey). Mr Galbraith was formerly manager, foreign exchange and money markets. While Exxon completed the sale of its novel \$500m offering of "Universal Bonds" with a further \$200m tranche brought "off the shelf" other companies rushed to file new registrations under Rule 415.

Was formerly manager, foreign exchange and money markets, head office. Mr J. M. Escombe, head office, Mr J. M.

Mr D. H. A. Harrison, principal manager, Portugal, Bank of London and South America, is to be seconded to Lloyds Bank, as general manager's assistant. Mr C. W. Knight has been appointed principal manager, Portugal, in succession to Mr Harrison. He was previously principal manager of Lloyds Bank International's of Lloyds Bank International's merchant banking services. Far East, Hong Kong. Mr K. J. Wallace has been made principal manager, merchant banking services, Far East, Hong Kong. He was previously manager, merchant banking services, Far East. Mr N. L. Tose has been appointed manager, Melbourne branch, Lloyds International. He was previously manager of mer-chant banking services for the

Bank of London and South America, River Plate. Mr R. A. E. Grazebrook has been appointed vice president and manager Boston branch, Lloyds Bank International. He was previously vice-president of Chicago branch.

#### INTERNATIONAL APPOINTMENTS



Mr Michael Hartley, director and general manager of Rolls-Royce (Far East) in Toyko

been appointed vice president, public affairs of KAISER STEEL CORP. Mr Melrose has served as director of investor relations for Lockheed Corp since 1979. Dr James H. Zumberge, presi-

dent of the University of South-ern California, has been elected to the board of LITTON INDUS-TRIES. Mr Zumberge is a member of the boards of Dresser Industries, Inc. Pacific Lighting Corp. Security Pacific Corp. and Security Pacific National Bank.

and directs the planning and co-ordination of the Bank's world-

manager, Bank of London and South America, Argentina. He was previously manager, Buenos Aires branch.

Mr D. H. A. Harrison, principal manager, Portugal, Bank of London and South America, as to be severabled by Loyds, Bank as been appointed director and general manager of ROLLS-ROYCE (FAR EAST) in Tokyo. He succeeds the Derek John who returns to be severabled by Loyds, Bank of London and South America, is to be severabled by Loyds, Bank as been appointed vice president. mining operations.

been promoted to assistant vice-president at FIDELITY BANK'S officer of Avco Corp.

tion of a permanent successor to Mr Edward F. Gibbons who died recently Mr Lynn, who has spent his entire career with the CHEMICAL BANK has appointed three senior vice-presidents: Mr Donald J. Marsh Jr. Mr Lawrence H. Miller Jr. and Mr Robert Gillham. Mr Marsh, who is in the Bank's energy and minerals group, is responsible for worldwide energy and directs the planning and co. all facets of marketing and field. all facets of marketing and field

appointed to the board of BICC USA as a non-executive director. Mr Fawaz H. Naboulst has He is a director and executive

 In accordance with the bylaws has been named director of reof F. W. WOOLWORTH, John W. search and development for Lyan, vice-chairman, will be acting chairman pending the selection of a permanent successor. post, Dr Chakrabarti has overall responsibility for co-ordination of the research, development and technology licensing efforts of PPG's industrial chemical divi-sion and agricultural and per-formance chemical division. Kissinger's

**●**Dr Henry international consultancy, KISSINGER ASSOCIATES, has been joined by Sir Yuet-Keung Ken, chairman of Hong Kong Trade Development Council. Sir YK, as he is known, is the chairman of the Rent of Fast Asia and international London as director of military marketing. The company promore than a strategic plan. Mr. © C.G.M. TRADING COMPANY man of the Bank of East Asia and Miller manages Latin America has been established with Sig a director of several major commarketing. The company promorth for the group's Latin Avv. Sossio Marlo Mesca, a mempanles in the colony.

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Bk. Montreal 145, 87 ... 100
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INT O/S Fin. 61: 92 SWISS FRANC

World Bank 64, 92 ...... 100 1041, 1042, +64, +24, 5.84 World Bank 72, 92 ...... 100 1072, 108 -012, +113, 5.84 Average price changes... On day 0 on week +04. (nominal value in \$m) YEN STRAIGHTS ... 20 99% 100% 0 +0% 8.3
inges... On day +0% on week +0%

Lissued Bid Offer day week Yield
100 1009 100% -0% +1% 13.30

\$ 50 110% 111% 0 +2 14.30

\$ 55 1111 112 +0% +2% 13.52
20 1105% 100% +0% +0% +2 14.11
17 1102% 103 0 +0% 13.53
50 100% 100% +0% +2 14.11
17 1102% 103 0 +0% 15.86
18 95% 96% 0 +1 10.23
175 101% 102% -0% +0% 9.31
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Bell Canada 16 88 CS... 100
Br. Col. Tel. 174 80 CS 50
Can. Utilities 17 87 CS 50
Can. Utilities 17 87 CS 50
Gaz Metro 174 90 CS... 63
O. Hyd. 164 88 CS 50
Utility 164 87 CS 77
U. Bk. Nwy. 9- 30 EUA 18
Amro Bk. 10 87 (A) Ff 75
EIB 10 87 Ff ... 100
Van Lanschot 107 87 Ff ... 100
Van Lanschot 107 87 Ff ... 100
OKB 14 86 Ff ... 100
OKB 14 86 Ff ... 100
OKB 14 86 Ff ... 100
Solvay et C. 142 86 67
Beneficial 144 90 £ (D)
BFCE 144 87 £ ... 15
CECA 134 88 £ ... 20
CNT 127 28 £ ... 20
CNT 127 28 £ ... 20
F. Mat. Orani. 123 85 £ ... 20
F. Mat. Orani. 124 87 £ ... 30
Finn. Ex. Crd. 134 86 £ 15
Gan. Elec. Co. 124 89 £ 50
Hiram Walker 144 86 £ 25
Norsk Hydro. 147 87 £ ... 30
SORF Franca 157 52 £ ... 30
SORF Franca 157 52 £ ... 30
Tenneco Int. 143 87 £ ... 30
Tenneco Int. 144 87 £ ... 30
Tenneco Int. 145 87 £ ... 30 OTHER STRAIGHTS

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U.S. \$ bonds Last week ... Previous week 945.8 10,403.5 Other bonds Last week ...

\* No information available... † Only one market maker supplied a price.

Previous week 8,112.2

STRAIGHT BONDS: The yield except for Yen bonds where it is in billions. Change on week= Change over price a week earlier.

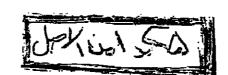
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte, Date shown is minimum. Cally be next coupon becomes effective. Spread=Margin above six-month offered rate (‡three-month; § above mean rate) for U.S. dollars. C.con = The current coupon. C.yld = The current rigid.

CONVERTIBLE BONDS: De-CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg.day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Fercentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerchank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationals Luxembourg; Krediet bank Luxembourg; Krediet bank Haxembourg; Algemene Bank Nederland NV; Pierson; Reldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiws Eurone NY; Police Bank; Credit Commercial de France (Securities) London; Daiws Europe NV; Deltec Securities (UK); EBC; First Chicago; Goldman Sanhs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy

Closing prices on November 5



**NEW ISSUE** 

These Notes having been sold, this announcement appears as a matter of record only.

OCTOBER 1982

These Notes having been sold, this announcement appears as a matter of record only.

U.S. \$75,000,000

#### Dresser Overseas Finance N.V.

121/2% Guaranteed Notes Due 1989

Unconditionally guaranteed as to payment of principal, premium, if any, and interest by

#### **Dresser Industries, Inc.**

Credit Suisse First Boston Limited

Banque Bruxelles Lambert S.A.

Banque Nationale de Paris

**Banque Paribas** 

Baring Brothers & Co., Limited

Deutsche Bank Aktiengesellschaft

Merrill Lynch International & Co.

Morgan Stanley International

Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

S. G. Warburg & Co. Ltd.

Wood Gundy Limited

Algemene Bank Nederland N.V.	. Aroro International	Arnhold and S. Bleichr	oeder, Inc.	Julius Baer International
Banca del Gottardo Ba	ank of America Jaternational	Bank für Gemeinwirtschaft	Bank Gutzwiller, 1	Kurz. Bungener (Overseas) Limited
Bank Let International Ltd.	Bankhaus C	Jehriider Bethmann	Banque Géné	érale du Luxembourg S.A.
Banque de l'Indochine et de Sue	z S.A. Luxembourg Banque !	Internationale à Lexembourg S.A.	Banque Populaire	e Suisse S.A. Laxembourg
Banque Privée de Cestion Finan- arge	cière Banque Worms	Bayerische Hypotheken- und We	chsel-Bank Bly	th Fastman Paine Webber
Chemical Bank International	Christiania Bank og Kreditkasse	e CIBC Citicorp Inters	tational Clariden	Bank County Bank
Crédit da Nord Cre	ditanstalt-Bankverein D	ei-lehi Kangyo International	Dairra Europe	Delbrück & Co.
Deutsche Girozentrale  - Deutsche kommunalhant 3	DG BANK Dominic		siner Bank <del>ingreliebe</del> t	Drexel Burultam Lumbert
Effectenbank-Warburg	Euromobiliare	Fuji International Finance	Genoseuse	haftliche Zentralbank AG
Girozentrale und Bank der östern Aktiverselbeis		n Sachs International Corp. H	embros Bank E. F.	Hutton International Inc.
IBJ International Kidder,	, Peabody International Klein	rwort. Benson Lazard Freres	et Cie Lombard	Odier International S.A.
LTCB International Manual	nfacturers Hanover Mitsubish	i Bank (Europe) S.A. Semue	ri Niontagu & Co.	Morgan Grenfell & Co.
The Nikko Securities Co., (Euro	pe) Lid. Nomura Jule Lieber		the Landesbank	Orion Royal Bank
Österreichische Lünderbank	Pictet International Ltd.	L. F. Rothschild, Unterberg,	Towbin Salom	on Brothers International
Scandinavian Bank Sch	hröder, Münchmeyer, Hengst & Co.	J. Henry Schroder Wag	g AG J. Hen	ry Schroder Wagg & Co.
Skandinaviska Enskilda Banken	Smith Barney, Harris Up	ham & Co. Société Géné	irale Société	Générale de Banque S.A.
Svenska Handelsbanken Gran	Vereins- und Westbank	Westdeutsche Landesbank Girozen		hi International (Europe)

NEW ISSUE

NOVEMBER 1982

U.S. \$75,000,000



# Finnish Export Credit Ltd

121/2% Notes Due 1987

Credit Suisse First Boston Limited

Morgan Stanley International

Amro International Limited Citicorp International Group

Lehman Brothers Kuhn Loeb

Postipankki

Banque Bruxelles Lambert S.A.

Deutsche Bank Aktiengesellschaft Merrill Lynch International & Co.

Nomura International Limited

Kansallis-Osake-Pankki

S. G. Warburg & Co. Ltd. Union Bank of Finland Ltd.

Bank of Helsinki Ltd.

Algemene Bank Nederland N.	V. Andelsbank	en A'S Danebonk	Arshold an	d S. Bleichroeder, Inc.	Julius Baer Internatio Lumed
Banca Commerciale Italiana	Banca del Gottardo	Bank of America I	nternational	Bank für Gemeinwirtsch	haft Bank I.eu International L
Bank Lenmi le-lursel	Bank Mees & Hope ?	NV Bank	kaus Gebrüder Bethn		nque Française du Commerce Extéri
Banque Générale du Luxembo	org S.A. Band	ne jugoznes	Banque Internatio	nak à Luxembourg S.A	. Banque Louis-Drey
Banque Nationale de Paris	Banque de Neuflize	, Schlumberger, Nallet	· Banque F	aribas Ban	que Populaire Suisse S.A. Luxembor
Banque Privée de Gestion Fina BFGI	uncière Banque de l'	Union Européense	Banque Worms	Barclays Bank	Group Baring Brothers & C
Bayerische Hypotheken- und V	Verhsel-Bank Baye	rische Landesbank Giroz	entrale Ba	yerlyche Vereinsbank	Joh, Berenherg, Gossler & C
Bergen Bank A/S B	Berliner Bank Berli Abbregreibeteit	ner Handels- and Frankfi	erter Bank	Blyth Fastman Paine	Webber B.S.I. Underwrite
Chase Manhattan Capital Mar		nemical Bank Internations	al CIE		len Bunk Commerzha
Copenhagen Handelsbank A.S	County Bank	Credit Commerci	al de France	Crédit Industriel et C	Commercial Credit Lyonn
Crédit da Nord Cr	redit Suisse First Boston (Asia	) Creditansta	lf-Bank verein	Dai-Ichi Kangyo I	nternational Dales Euro
Delbrück & Co. Den Du	mske Bank Den Danske	Provinsbank A.S	Den norske Credithan	k Deutsche Gir -Deutsche Kona	
Dresdaer Bank	Drevel Burnham Lamhert	Effectenbank	-Warburg	Euromobiliare	European Banking Compa
Européeane de Banque	First Chicago		iji International Figa	nce	Genovenschaftliche Zentralbank A
irozentrale und Bank der öste	erreichischen Sparkassen	Goldman Sac	hs International Corp	p. Güral	hanken Hambros Ba
fandelsbank N.W. (Overseas)			amuei & Co. Leanni	The Hongkong Ban	ik Group IRJ Internation
ansallis International Bank S.		nternational Kleion		rediethank S.A. Luxem	
TCB International	Manufacturers H		Atidland Dohe	arty	Mitsubishi Bank (Europe) S.
litsubishi Trust & Banking Co		Samuel Montag		Morgan Grenfell & C	o. Morgan Guaranty L
Nederlandse Credicthank N.V.	Nederlandsche Mid	denstandshank N.V.	The Nikko Sec	urities Co., (Europe) Li	d. Norddeutsche Landeshar
Nordic Bank PLC	Okobank Osmopank	kien Keskuspankki Oy	Orio	n Royal Bank	Österreichische Länderbar
ierson, Heldring & Pierson N	.V. PK Christiania Bar	sk (UK) Privatban	ken A/S N. M.	Rothschild & Sons	L. F. Rothschild, Unterberg, Tonb
alomon Brothers International		Bank Sch	röder, Alünchmeyer,		J. Henry Schroder Wagg & C
kandiraviska Enskilda Banker		Smith Barney, Harris L	phant & Co.	Société Générale	Société Générale de Banque S./
parbankernas Bank	Sparebanken Oslo Akershus	Sparekassen S	DS Straw	ss, Turnbell & Co.	Sumitamo Finance Internation
amitomo Trust International	Svenska Hande	elsbanken	Swiss Bank Corpora	tion International	Union Bank of Norway Lie
Limited inion Bank of Switzerland (See Limited	curities)	Yerband Schw	eizerischer Kantonalb	=	Vereins- und Westban
f. M. Warburg-Brinckmann, V	linz & Ca. Nes				Ableston

Vereign and Westbank

NOVEMBER 1982

U.S. \$100,000,000

# Export Development Corporation (An agent of Her Majesty in right of Canada)



# Société pour l'expansion des exportations

111/1/2 Notes Due November 1, 1987

Credit Saisse First Boston Limited

Wood Gundy Limited

Banque Paribas

Daiwa Europe Limited

Deutsche Bank Aktiengesellschaft Swiss Bank Corporation International Salomon Brothers International

Westdeutsche Landesbank Girozentrale

Dominion Securities Ames Banque Nationale de Paris Ameo International McLeod Young Weir International S. G. Warburg & Co. Ltd. Orion Royal Bank Arab Bank Investment Company Algemene Bank Nederland N.V. American Express Bank Arthold and S. Bleichroeder, Inc. Julius Baer International Banca Commerciale Italiana Bank of America International Bank Lea International Ltd. Bank of Tokyo International Banque Bruxelles Lambert S.A. Bayerische Landesbank Girozentrale Bayerische Vereinsbank Bergen Bank A/S Baring Brothers & Co., Banque Worms Barclay & Bank Group Burns Fry Blyth Eastman Paine Webber Berliner Handels- and Frankforter Bank Citicorp International Christiania Bank og Kreditkasse Chemical Bank International Chase Manhattan Capital Markets Group Continental Illinois Credit Lyonnais County Bank Delbrück & Co. Den norske Creditbank Creditamtait-Bankverein Drexel Barnham Lambert Effectenbank-Warburg Euromobiliars European Banking Company Girozentrale und Bank der österreichischen Sparkassen Genossenschaftliche Zentralbank AG Fuji International Figance First Chicago ) HIII Samuel & Co. IBJ International Goldman Sachs International Corp. Kannait Foreign Trading Contracting & Investment Co. (S.A.K.) Kidder, Peabody International Kansalfis-Osake-Pankki Lévesque, Beaubieu Inc. Lazard Brothers & Co., Kuwait Investment Company (S.A.K.) Russair international Investment Co. s.a.k. Sannel Montagu & Co. Morgan Grenfell & Co. Morgan Guaranty Ltd Midland Doherty LTCB International Manufacturers Hanover Norddeutsche Landesbank The Nikko Securities Co., (Europe) Lid. National Bank of Abr Dhabi Postipaniki Private Bank and Trust Co. Richardson Greenshields of Canada (U.K.) N. M. Rothschild & Sons PK Christiania Bank (U.K.) Saudi International Bank Scandinavian Bank Schröder, Münchmeyer, Hengst & Co. J. Henry Schröder Wagg & Co. Sames Benk (Codeministra) Societé Bancaire Barclays (Suisse) 5.A. Skandinavicka Euskilda Banken Verband Schweizerischer Kantonalbanken Union Bank of Finland Ltd. The Talyo Kabe Bank (Luxembourg) S.A. Stemka Handelstänker Yamaichi International (Europe) Williams & Glyn's Bank ple J. Ventobel & Co.

NEW ISSUE

These Debentures having been sold, this announcement appears as a matter of record only.

NOVEMBER 1982

U.S. \$75,000,000

#### Southern California Edison Finance Company N.V.

1111/2% Guaranteed Debentures Due 1990 Unconditionally guaranteed as to payment of principal, premium, if any, and interest by



# Southern California Edison Company

Credit Suisse First Boston Limited

Algemene Bank Nederland N.V. Banque Paribas County Bank Limited Creditanstalt-Bankverein Crédit Lyonnais Dresdner Bank Aktiengesellschaft LTCB International Limited Smith Barney, Harris Upham & Co. Kredietbank Société Générale de Banque S.A. Swiss Bank Corporation International Limited Union Bank of Switzerland (Securities) Limited S. G. Warburg & Co. Ltd.

Bache Halsey Stuart Shields Banca Commerciale Italiana Bank Cantrade Switzerland (C.I.) Bank Gutzwiller, Kurr, Bungener (Overseas) Bank Leu International Ltd. Bank of Tokyo International Bank Mees & Hope NV Bankers Trust International Bank Leumi le-Israel Group Banque Arabe et Internationale d'Investissement (B.A.LI.) Banque Bruvelles Lambert S.A. Banque Française du Commerce Extérieu Banque Populaire Suisse S.A. Luverabourg Banque Générale du Luxembourg S.A. Bayerische Hypotheken- und Wechsel-Bank Banque Privée de Gestion Financière Baring Brothers & Co., Bear, Steams & Co. Joh. Berenberg, Gossler & Co. Bayerische Landeshank Girozentrale Bayerische Vereinsbank Berliner Handels- and Frankfurter Bank Blyth Eastman Prine Webber B.S.I. Underwriters Cazenove & Co. Chase Manhattan Capital Markets Group Compagnie de Banque et d'Investissements, CBI Deutsche Bank Deutsche Girozentrale Deutsche Kommunalbank Dai-febi Kangyo International Drevel Burnham Lambert DG BANK Effectenbank-Warburg European Banking Company Girozentrale und Bank der österreichischen Sparkassen Genossenschaftliche Zentralbank AG Goldman Sachs International Corp. Hambros Bank Hessische Landesbank Handelsbank N.W. (Overseas) Hill Samuel & Co. The Hongkong Bank Group IBJ international Kidder, Peabody International Kickworf, Benson E. F. Hutton International Inc. Kunnit Foreign Trading Contracting & Investment Co. (S.A.K.) Kunnit International Investment Co. s.a.k. Kunnit Investment Company (S.A.K.) Lehman Brothers Kuhn Loeb Lazard Frères et Cic Lloyds Bank International Lazard Brothers & Co., Manufacturers Hanover Merrill Lynch International & Co. Lombard Odier International S.A. Samuel Montagu & Co. Morgan Guaranty Ltd Morgan Grenfell & Co. Morgan Stanley International The Nikko Securities Co., (Europe) Ltd. Orion Royal Bank Österreichische Länderbank Nomura International Pictet International Ltd. Pierson, Heldring & Pierson N.V. Scandingvian Bank Schrüder, Munchmeyer, Hengst & Co. J. Henry Schroder Wagg & Co. Société Centrale de Banque Standard Chartered Merchant Bank Strauss, Turnbull & Co. Svenska Handelsbanken Yereins and Westbank J. Vontobel & Co. Dean Witter Reynolds Overseas Lid, Wood Gundy Yamaichi International (Europe)

#### TERRY GARRETT LOOKS AT CANVERMOOR'S USM LISTING Draught flows southerly for Hemans

MORE than a decade ago, Tony Hemans was one of the men arguing that soft drinks manufacturers should be pushing energetically into draught products. His employers, a national chain, were less convinced. Now, he and they are competitors. In a few they are competitors. In a few chilers to dispensers on the bar.

were less convinced. Now, he and they are competitors. In a few weeks Mr Hemans brings his company — Canvermoor — to the Unlisted Securities Market via a placing to raise around £1m, most of which is earmarked to fund expansion in the South of Encland.

Mr Hemans started Canvermoor in 1972, wholesaling soft drinks on draught to social clubs in West Yorkshire. Five years later he had a factory in Normanton manufacturing his own product. The customer list has grown from 500 in 1979 to 1,500 todas—with 400 of that total begrown from 500 in 1979 to 1,500 today—with 400 of that total being added in the last year as Canvermoor pushed southwards away from its traditional home ground of working men's clubs. In his briefcase Mr Hemens carries the plans of a £750,000 factory to be built near Luton Airport, and in his balance sheet sits a £200,000 investment in plastic crates to carry his attack on the bottled drink market.

today—with 400 of that total being added in the last year as Canvermoor pushed southwards away from its traditional home ground of working men's clubs.

In his briefcase Mr Hemens carries the plans of a \$750,000 factory to be built near Luton Airport, and in his balance sheet sits a \$200,000 investment in plastic crates to carry his attack on the bottled drink market.

This rapid physical and product expansion and the move to the USM is part of an ambition to get full national coverage by the mid-cighties.

Canvermoor's basic draught product comes in two forms—

with its own brand cider.

Enticed by a rapidly growing two disaster in the Normanton works. But rapid growth like this has been costly in cash terms, rocket image front end costs on equipment and has pushed up the depreciation charge. So, in spite of a turnover rise of 30 per ceut in facturers, canvermoor turned to a German brewer as a source. According to Mr Hemens, he can shup it in from the Continent at lower cost than he can buy from UK manufacturers, and if the German's cider was any from UK manufacturers, and if the German's cider was any from the linpact of rapid physical growth like this has been costly in cash terms, rocket ing front end costs on equipment and has pushed up the depreciation charge. So, in spite of a turnover rise of 30 per ceut in facturers, Canvermoor turned to a German brewer as a source. According to Mr Hemens, he can buy from the Continent at lower cost than he can buy from UK manufacturers, and if the German's cider was any from UK manufacturers, and if the German's cider was any from the Continent at lower cost than he can buy from the Continent at lower cost than he can buy from the Continent at lower cost than he can buy from the Continent at lower cost than he can buy from the Continent at lower cost than he can buy from the Continent at lower cost than he can buy from the Continent at lower cost than he can buy from the Continent at lower cost than he can buy from the Continent at lower cost than he can buy from the Enticed by a rapidly growing UK cider market. Canvermoor moved into draught cider this time last year. Unable to strike a deal with any of the UK manufactured.

planning permission for manu-

push southwards. Apart from under pressure with volume adding 400 new outlets in the down in most existing outlets repast year — Capvermore big-flecting the decline in club and

past year — Canvermoor's biggest customer is now the RollsRoyce Sports Club near Watford
—the company has almost
doubled its number of distribution depots.

The new Luton factory is
clearly pivotal to the development of the southern market.
Hauling its drinks (much of it
fizzy water) by road from West
Yorkshire is hardly cost effective, yet the existing leasehold
premises at Luton do not carry
planning permission for manuAlso, Canvermoor's financial ing the draught containers.
Also, Canvermoor's financial

planning permission for manufacturing.

And apart from getting a bought the crates but all the factory closer to a major market —potentially doubling Canvermoor's and bottles are supplied by a rival national chain with insurance policy against a wish to withdraw, even the disaster in the Normanton works.

But apart graph is supplied to the heart of the 30 reaches are sale value. crates would have a resale value.

Of the 30 per cent or so of the equity that will be played by stockbrokers Margettes & Addeybrooke. East Newton a third of it will be one of the orignal partners (not involved in management) selling out. Virtually all the rest will be new money to fund the Luton development.

Final pricing is still being threshed out, but the brokers undoubtedly be resting heavily of the potential for this year after the expansion of the last 12 months. It may be that the fully taxed historic p/e (although the company will have no corporation tax liability) could corporation tax liability) could be pitched in the early teens.

**BOARD MEETINGS** 

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finels and the subdivisions shown below are based mainly on last year's timetable.

TODAY
Interims: Allied Irish Banks, Hunting Gibson, Microfilm Reprographics, Rush and Tomphins, Young Companies Investment Trust.

Finals: Bridgort-Gundry, Lucas Industries, Murray Clydesdale Investment Trust.

FUTURE DATES

erguson Industria.
Finals—
Finals—
Adants, Beltimore and Chicago
Regional Investment Trust ... Nov 18
Nov 25
Nov 11

llied-Lyons ..... mber Industriel

erguson Industriel ...

#### PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus') have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	1 WITH CORPORATE TO			_
٧	•	Announce-		Announce-
	l Date	ment last	. Date	ment last
9.		. уваг		YEST
	Acrow	Intenm ni)	*French KietNov 25	Interim 1.1
	*Akroyd and	***************************************	GEI 100Nov 17	Interim 1.76
_ i	SmithersNov 18	Final 10.0	*Great Portland	1110011111 1.70
e		FINAL IU.U	Great Portland	
٠.	Palliad Irish		EstatesNov 9	Interior 1.0
d	BankNov 8	Interim 3.5	*HATNov 15	interim 1,376
4 ;	*Allied-LyonsNov 30	intgrim 2.0	*HambrosNov 23	Interim 15,25
- 1	*Alinatt Lendon		*Heath (C. E.)Nov 23	Interim 3.6
i. I	Props.,,Nov 9	interim 1.0	*Hill Samuel Nov 10	Interim 2.5
	*Amersham Inti Nov 15	Interim due		
e į		Intituti has	International	
	Anderson		PaintNov 26	Interim 2.0
. 1	StrathchydeNov 25	interim 1.1	Johnson	
•	"Assocd, British		MattheyNov 25	Interim 3.0
4 I	Foods.,.Nov 11	interim 1.4	"Kwik SaveNov 24	Final 3.4
e l	PAust. NZ Bk., Nov 15	Final 14 cents	*LWT	Final 5.983
Ĭ	*BPB IndsNov 23	Interim 4.5		1 11141.0.003
7 I	*BeechamNov 24	Interim 3.7	*Land	Acres and
- 1	BellwayNov 10	Finel 4.0	SecuritiesNov 17	Interim 2.75
ŧ١	Balteray	interior 2.875	*Lucas indsNov 8	Final 8.4
ìΙ	*Boots	INGUE TOLD	*Metal BoxNov 22	Interim 5.04
١.	*British and		· *National Bank	
- 1	Com. ShipNov 11	interim 6.0	AustraliaNov 11	Final 11 cents
- 1	*Brocknouse Nov 25	Final 1.0		Interim 3.5
. 1	Burnett and		RITNov 9	Intenm 3.5 Final 2.333
: 1	HallomshiraNov 25	Interim 6.5	RHMNov 24	
,	Butterfleid-		RediffusionNov 27	Interim 1.25
:ł	Capper-NelliNov 8	Interim 2.1	*RediandNov 25	Interim 2.87
1	Carless CapelNov 25	Interim 1.0	Rothmans IntNov 25	Interim 1.15
. (	Carr (John)	megini	*SketchleyNov 15	Interim 3.2
	Call (nonu)	Final 1.15	*Smith (W.H.)Nov 17	Interim 0.3
•	(Doncester)Nov 30		Smiths Inds Nov 10	Final 6.8
	*ChlorideNov 12	Interim nil		
	*ChubbNov 10	Interim 1.947	Staveley	·
	CometNov 25	Finel 2.53	IndustriesNov 12	Interim 4.5
	Common Bros. Nov 12	Final nil	"Tesco Stores Nov 17	interim 1.1
	*CourtauldsNov 25	Interim 1.0	*UnileverNov 16	Interim 9.96
1	Davis		Utd. Gas Inds. Nov 26	Interim 1,4 .
	(Godfrey)Nov 19	laterim 1.5	*ValorNov 17	Interim 0.849
•	*Da La Rue Nov 9	Intenm 6.6	Wedgwood Nov 25	Interim 1.75
	*Electro-		*Whitbread Nov 9	Interim 2.25
	componentsNov 9	Interim 0.85		
1	*Elliott (B.)Nov 23	interim 20	<ul> <li>Board meeting intime</li> </ul>	ited. † Righti
1	English China		legue since made. ‡ Tax	free. Scrip
ı	ExtedNov 26	Interim 2.5	issue since made. Y Fon	scast.
Ĺ	CAICA (			

This advertisement is issued in connection with the introduction of Dominion International Group ple and in compliance with the requirements of The Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase

#### **Dominion International** Group plc

(Incorporated in England No 1625168) Share Capital Authorised

ulative Con 2,709,334 5,000,000 lesped and partly paid

10% Redeemable Preference Shares of £1 each, 25p paid

There are also in existence 196,379 Special Deferred Shares of 20p each. These Special Deferred Shares have arisen as the result of the exercise of conversion in September 1982 by some Preference

Following a Scheme of Arrangement under Section 206 of the Companies Act 1948 Dominion International Group pic, forme Dundonian Holdings pic, acquired the issued share capital of Dundonian pic.

The Council of The Stock Exchange has admitted the above mentioned 11½% Cumulative Convertible Preference Shares and Ordinary Shares of Dominion International Group ple to the Official List. Particulars relating to the Company and the Shares are available in the Extel Statistical Service. Copies of the statistical card may be obtained during normal business hours on any weekday (other than Saturdays) up to and including 22nd November 1982 from:

M. J. H. Nightingale & Co. Limited

Barclays Merchant Bank Limited 15/16 Gracechurch Street London EC3V 0BA 8th November 1982

27/28 Lovat Lane London EC3R 8EB

cision Castings v. Pref.

Panmure Gordon & Co

Telephone 01-621 1212

10.5 4.4 6.2 3.5 8.1 8.1

Issued and fully paid

# Lloyds and Scottish re-groups

BY WILLIAM HALL, BANKING CORRESPONDENT

LLOYDS AND SCOTTISH which took over Bowmaker earlier this year to form one of Britain's reviewed in the light of the proup's branches would be in the personal finance division which will be reviewed in the light of the proup announced yesterday that it had re-organised its UK instalment credit and leasing activities under the Lloyd's Bowmaker will incompared the part of the group announced yesterday that it had re-organised its UK instalment credit and leasing activities under the Lloyd's Bowmaker. Hamilton Leasing, Medenta and RIGP. Scottish Discount and Cedar will also be part of the group, but the future of the group will be group director, also be part of the group, but the future of the group announced yesterday that it had re-organised its UK instalment credit and leasing activities under the Lloyd's Bowmaker. Hamilton Leasing, Medenta and RIGP. Scottish Discount and Cedar will also be part of the group, but the future of the group which will be group director, also be part of the group, but the future of the group announced yesterday that it had re-organised its Country of the group announced yesterday that it had re-organised its Country of the group announced yesterday that it had re-organised its Country of the group announced yesterday that it had re-organised its Country of the group announced yesterday that it had re-organised its Country of the group announced yesterday that it had re-organised its Country of the group announced yesterday that it had re-organised its Country of the group announced yesterday that it had re-organised its Country of the group announced yesterday that it had re-organised its Country of the group announced yesterday that it had re-organised its Country of the group announced yesterday that it had re-organised its Country of the group announced yesterday that it had re-organised its country of the group announced yesterday that it had re-organised its country of the group announced yesterday that it had re-organised its country of the group announced yesterday that it h

He said that there would be Leasing and Medenta.

in its near-200 branch network.

The group announced yester-day that it had re-organised its UK instalment credit and leasing activities under the Lloyd's Bowmaker banner which will control three new divisions—retail finance, corporate finance and personal finance.

Mr George Duncan, the group's chairman, said yesterday that following the recrouping of the business, the next stage was to review the future of Lloyds Bowmaker, and will take in Hamilton in the division, headquartered in Bournemouth, will be directed by Mr Brian Davies, the former chairmance house.

He said that there would be

In addition to the newly appointed directors of the three new divisions, the following directors have also been appointed: Mr D. S. Fielden, branch operations, Mr C. J. Harrison, marketing, Mr T. R. Wightman, information and planning Mr G. F. Brang related. ning, Mr G. F. Bacon, related activities, Mr R. E. Macauley, personnel, Mr P. F. Hook, support services, and Mr G. Cruick-shank, special studies.

#### FT Share Information

The following securities have been added to the Share Information Service. Duncan (Walter) & Goodricke (Section: Trusts, Finance, Land), Consolidated (Trusts,

# Fortnum & Mason midway loss up

**Bank of Ireland** 

announces that with

effect from close of

business on the

8th November, 1982

its

**Base Rate for Lending** 

is reduced from

9½% to 9%

per annum

Bank of Ireland

After reporting heavier first early stage, of an improvement half pre-tax losses of £264,000 in customer volume and sales against £123,000, the directors of Fortuum & Mason, the Piccadilly.

London, department store, say the second half has always generated the major proportion of sales profit — and this year's results, more than ever, depend on this pattern.

There is evidence, at this very

After reporting heavier first early stage, of an improvement in customer volume and sales performance of the previous year when pre-tax profits were up from £119,000 to £269,000.

Sales improved from £3.53m to £3.63m in the 23 weeks to August 14. There was a trading loss of £425,000,

The interim dividend is unchanged at 3.5p — last year's total was 23.22p net.

Finance, Land).

#### Woolworth ahead at £15m

15.2m. Including profits made on property disposals, pre-tax figures for the nine months to October 31, 1982 rose from £3.42m to £15.05m. Sales during the nine months increased by 11.4 per cent from £665.4m to £741.6m.

Trading profit was higher at

In accordance with the terms and conditions of the above mentioned no notice is hereby given that the rate of interest for the six months from 8th November 1982 to 9th May 1983 has been fixed at 10 ½ ", per annum and the amount payable on coupon No. 2 will be US\$508.72

U.S. \$50.000.000

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these Securities. The offer is made only by the prospectus and related prospectus supplement.

U.S. \$68,000,000

# **EXON** Finance N.V.

10½% Guaranteed Notes due November 1, 1989

Payment of principal and interest on the Notes is guaranteed by

# **EXON** Corporation

The purchase of these Notes represents the completion of the issue of US \$200,000,000 1014% Guaranteed Notes due November 1, 1989.

Morgan Guaranty Ltd

November 8, 1982

PRE-TAX profits of F. W. Woolworth, the chain store group, excluding profits made on property disposals, were nearly 40 per cent up at £5.3m in the third quarter of 1982 compared with £3.8m in the same quarter last year. This has eliminated first half retailing losses of £5.2m.

Including profits made on 1982 compared with £3.8m in the same quarter last year. This has eliminated first half retailing losses of £5.2m.

Tax for the nine-month period was up from £1.2m to £2.12m, leaving £12.93m against £2.2m. There was an extraordinary debit of £567,000 this time, but foreign currency gains provided £328.000 (nil). This resulted in a net profit of £12.69m.

The directors point out that the £20.49m (£19.55m), and the prethe third quarter's pre-tax retailtax figure was after depreciation ing profits compared with £1m in
of £11.37m compared with £10.1m the same quarter last year.

#### KANSALLIS-OSAKE-PANKKI

Floating Rate Capital Notes 1992

Nordic Bank PLC



#### **SOCIETE NATIONALE** DES CHEMINS DE FER FRANÇAIS

£30,000,000

11½ per cent. Guaranteed Notes 1989

unconditionally guaranteed, as to payment of principal, premium (if any) and interest, by

#### The Republic of France

Kleinwort, Benson Limited

Banque Nationale de Paris Banque Bruxelles Lambert S.A. Chemical Bank International Limited **Credit Suisse First Boston Limited** 

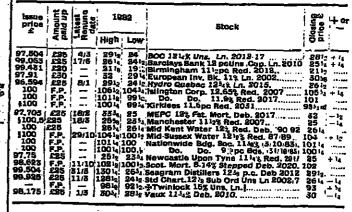
October 1982

Financial Times Monday November 8 1982

#### RECENT ISSUES

# **EQUITIES** ## F.P. | 141s 151, Amal. Triminas Nig. ip 14 | 181, Amal. Triminas Nig. ip 16 | 181, Amal. Triminas Nig. ip 18 | 181, Amal. Trimina

#### FIXED INTEREST STOCKS



#### "RIGHTS" OFFERS

issue price	慧	Ren	test unc. ite	19	52		eing Ge	·+ o
риод	智			High	Low	Stock		¦ 🗖
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117%	F.P.	` <b>-</b> -		12612:	111	Afex Corp. SA \$1,50	118	`
63 -	MII	i —	_	46pm	38 pm	Amai, Distilled Products 10o	44pr	
320	Mif	ί —	- 1	97pm	85pm	Barratt Devs. 10p	97pm	1 + 1
285	Nil	i —	_	45pm		Bowthgrpe 10p	40pm	1
780	Nil		_	115pm	75 pm	Burnett & Hailamshire	113pm	1י-2
200		22/10		236:		- Cornell 5p	236	+ 21
2481 <sub>8</sub>	Nil	! —	_	£Ljpm	£1pm	Deutsche Bank DM50	£lon	1 – 12
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115	Nil	i	_	25pm	19pm.	-t-Edinburgh Secs ⊾ ::	19 pm	1i — 1
81		11/10		3 25	<b>29</b> ;	Munton Bros. 10p	<i>5</i> 2	·
7,75		29/10	26/11	812	7 lgʻ	Ragian Prop. 1p	84	
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25	F.P.	8/10	19/11	31 ;	24 j	U.U. Textiles	29	·

Renunciation date usually last day for dealing free of stamp duty. Fr French Francs. It Figures based on prospectus estimate. It Dividend rate paid or payable on part of capital: cover based on dividend on full capital. It Assumed dividend and yield. I indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. If Forecast dividend: cover based on previous year's earnings. If Dividends and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. P Figures or report awaited. I Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. Fileship price. Pence unless otherwise indicated. I saued by very of capitalisation. Si Reintroduced. Ti Issued in connection with saued by very of capitalisation. Si Reintroduced. Ti Issued in connection with many construction in the connection with the cover. Ill Introduction. I lasued to former preference holders. I lotted to tester (or fully-paid). Provisional or party-paid allotiment letters, with warrants. It Dealtings under apacial Rule. Lating Listed Securities dealt in under special rule.

Market. # London Listing. † Effective Issue price after Scrip. † Formerly



- NACIONAL FINANCIERA, S.A. US\$150,000,000 Floating Rate Notes due 1990

For the six months 5th November 1982 to 5th May 1983 the Notes will carry an interest rate of 10% per annum and Coupon Amount of US\$502.78. The relevant Interest Payment Date will be 5th May 1983 By: Bankers Trust Company, London Reference Agent

#### **FINANCE FOR INDUSTRY TERM DEPOSITS**

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Industry plc. 91 Waterloo Rd., London SE1 SXP (01-928 7822, Ext. 367).

Samuel Montagu & Co. Limital

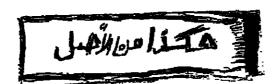
Banque Indocum

County Bank Limited

Cheques payable to "Bank of England, a/c FFI" FFI is the holding company for ICFC.

The Notes having been sold, this announcement appears as a matter of record only.

S. G. Warburg & Co. Ltd.



Financial Times Monday November 8 1982

### Companies and Markets CURRENCIES, MONEY and CAPITAL MARKETS

#### **FOREIGN EXCHANGES**

# Further records for the dollar

The dollar touched record levels in the foreign exchange market last week after two days of very quiet trading on Monday and Tuesday. On the first two days several European centres, including Paris, were closed for religious holidays, and on Tuesday the U.S. went to the polls for the mid-term Congressional elections. Banks in New York and several other major clies were closed for the day, and several other major clies were closed for the day, and sithough the International Monetary Market in Chicago showed some microst in the dollar the exchanges were generally very and several other major clies were closed for the day, and a five-year high of an early cut in the Federal Swerz tended to support to sterling, but other major currencies, while for the mid-term Congressional alithough the International Monetary Market in Chicago showed some microst in the dollar the exchanges were generally very and the major currencies while for the day, and a five-year high of an early cut in the Federal Reseve discount rate tended to support to sterling, but other major currencies, while for the mid-term Congressional several other major clies while for the mid-term Congressional several other major clies while for the mid-term Congressional several other major clies while french franc; and to an all-time peak of LI,476.25 from LI,487.50 against the iran it finished at a six-year peak of DM 2.5790 from DM 2.5590 in terms of the D-mark, and a five-year high of the distance, although optimism closed at Y277.35 on Thursday the dollar the trade-weighted through the previous Friday, against the weakened to 92.0 from \$2.5700, and elso lost ground to other major currencies, while for peak of LI,476.25 from LI,487.50 against the branch peak of LI,476.25 from LI,487.50 against the branch peak of LI,476.25 from LI,487.50 against the branch peak of LI,476.25 from LI,487.50 against the dollar the free through the previous Friday, against the trade-weighted index from the peak of LI,476.25 from LI,487.50 against the dollar trose to a support

. . . . .

FORWARD RATES AGAINST STERLING

BANK OF ENGLAND TREASURY BILL TENDER

£100m £100m Top accepted rate of discount. 8,5434% 8,8643%

**CURRENCY RATES** 

Bank Special European rate Drawing Currency Rights Unit

TOKYO

AMSTERDAM

Nov. 5 , Oct 29

nimum accepted bid....

**CURRENCY MOVEMENTS** 

Based on trade weighted changes from Weshington agreement December 1971. Bank of England Index (base average 1975-100).

THE DOLLAR SPOT AND FORWARD

| Nov 5 | Spread | Close | One month | P.2. months | P.2.

### **Prices firm**

After a quiet start to the week, with trading subdued ahead of the U.S. mid-term elections and the large Treasury quarterly refunding programme—\$10bn of the proposed \$13bn in Treasury paper was auctioned on Wednesday and Thursday— Liffe market volume picked up to a healthier level.

FINANCIAL FUTURES

Sentiment became very bullish

couraged by hopes that the Federal Reserve will cut its discount rate this week, a view not entirely shared by the foreign exchange market. Futures prices moved ahead of the corresponding fall in Eurodollar deposit rates, although not enough to open up arbitrage between the cash and druures markets. Prices moved up to record levels and the December Eurodollar rose from Tuesday onwards, en- 143 points on the week to 91.40.

		, -							
LON	IDON				U.S.	TREASUR		(IMM)	51m
	TH EURO	DOLLAR	\$1m p	oints of		Close	High	Low	Prev
100%					Dec	92.37	82.48	92.70	92.43
ı — .	Close	- High	Low	Prev	March	91.68	91.84	91.50	91.78
Dec	90.54	90.50	90.52	90.57	June	91.25	91.33	91.10	91.26
March	90.13	90.29	90.14	90,19	Sept	90.91	90.95	90.77	90.88
June	89.76	89.87 89.43	89.80 89.43	89.75 89.37	Dec	90.6	90.67	90.58	90.61
Sept	89,43 89,13	83.A3	07.43	89.05	March	90.53	90.64	90.45	90.47
Dec	2,509	(7 618)	_	99.00	June	90.45	90.45	90.4\$	90.37
Proviou		open i	nt. 2,14	16	CERT.	DEPOSIT	(IMM)	Sim poi	nts of
3-MON		LING DE		758.000	100 %		•	•	
	of 100%					Close	High	Low	Prev
{ <del></del>	Close	High	Low	Prev	Dec	91.03	91.20	90.88	91.07
Dec	91.40	91.50	91.40	91.49	March	90.54	90.64	90.36	90.59
March	91.54	91.69	91.53	91.65	June	90.08	90.16	90.00	90.13
June	91,39	91.70	91.40	91.80	Sept	89.61	89.83	89.60	89.76
Volume Praviou	1,531 (	2,596) open int.	_		3-MTH	EURODO	LLAR (IM	M) Sim-	Minor
					of 100°			,	
STERL	NG £25,0					Close	High	Low	Prev
l_	Close	High	Low	Prev	Dec	90.30	90.45	90.10	90.39
Dec -	1.6670	1.6695 1.6706	1.6560	1.6700 1.6725	March	89.93	90.08	89.80	89.99
March	1,6705 262 (78	7.07UQ 21	1.0745	1.0725	June	89.54	89.65	89.52	89.61
Praviou	s day's	open int.	1.029		Sept	89.28	69.36	89.22	89.31
	CHE MAR				STERLI	NG (IMN	1) Se per	E	
Se per		DC DM	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			• •			
1 30 Pir	Close	High	Low	Prev	Dec	Close 6825	High 16685	Low 18610	Prev
Dec	0.389	0.3898	0.3891	0.3896	March	6665	16730	16650	16670 16710
March	0.3924	0.3924	0.3924	0.3929	June	6700	16675	16675	16760
Volume	37 (2.59	<b>8</b> )			Sept				
Previlou	ne day's	open int	624		Dec	_	_		_
					March	_	_		_
CHIC	CAGO				GNMA	(CBT)	B% \$100.	000 32n	ds of
U.S. 1	REASUR	Y BOND	S (CB	T) 8%	100	-			
\$100.00	0 32nds	of 100%				Close	High	Low	Prev
	Close	High	Low	Prev	Dec	70.02	70.15	69.23	70.13
Dec	78.14	79,08	78.01	79.03	March	69.21	70.02	69.14	70.00
March	77.30	78.18	77.22	78.15	June	69.14	69.25	69.10	69.25
June	77.16	78.02	77.07	78.01	Sept	69.09	69.23	69.09	69.21
Sept	77.08 77.04	77.24 77.19	77.00 76.29	77.24 77.21	Dec March	69.06 69.01	59,18 69,13	69.05 69.00	59.18 69.12
Dec March	77.03	77.18	77.00	77,19	June	68.31	69.17	68.31	69.10
June	77.03	77.18	77.00	77.19	Sept	68.30	-		69.09
Sept	77.03	77.77	77.03	77.19	Dec	58.29	_		69.07
Dec	77.03	77.14	77.03	77.19	March	68.29	_		69.07
March	77.03	-	_	77,19	June	68.29	_		69.06
June	77.03	_	_	77.19	Sept	_			- ]
WEE	KLY (	CHAN	GE I	N WC	RLD	INTE	REST	RATE	s
		l.						<u>.</u> .	[
LONDO	ш	<u> </u>	lov. 5	change	NEW YO	DY	NO	v. 5 ch	ange
Base ra		:9		-32	Prime n		1112	-12 'Un	ch 'd
7 day in	terbank		.91 <u>2</u> IÀ	<b>⊢</b> ≨ ¦	Federal	funds	912.9	112 .U⊓	ch'd i
3 mth l	nterbank	9 9	IÀ.	ا تقا	3 mth T	геавигу В	IIIe  7.73	j9	1.13
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Band 3		:87a		_i2	FRANKF		7.00	·	[
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MILAN

DUBLIK

re in up to 14 days, band 2 hills 15 to 33 days. Rates gooted represent Bank of England buyts

#### Swire Pacific Limited Interim Dividends for 1982

# **Scrip Dividends**

The average last dealt prices of the Company's shares on the stock exchanges in Hong Kong on which the Company's shares are traded, for the five trading days up to and including 5th November 1982, were:

> HK\$ 8.13 A shares 1.35

In a letter to shareholders from the Chairman dated 4th October 1982, it was announced that the directors had declared interim dividends on 24th September 1982 in respect of the year ending 31st December 1982 of 24.0¢ per A share and 4.8¢ per B share and that the directors had resolved that, as to 23.0¢ per A share and 4.6¢ per B share, these dividends should take the form of scrip dividends to be satisfied by the issue of additional A and additional B shares respectively, but that shareholders should be able to elect to receive these dividends in cash in respect of all or part of their shareholdings. To ensure that the shares of the Company continue to be authorised investments for the purposes of the Trustee Ordinance (Cap. 29, Laws of Hong Kong), the balance of the dividends of 1.0¢ per A share and 0.2¢ per B share will be paid in cash. It was further announced that entitlements to fractional shares would be disregarded and the benefit thereof would accrue to the Company.

Applying the average last dealt prices noted above, the number of new shares which shareholders will receive in respect of their existing shares for which elections to receive cash are not deposited with the Registrars in Hong Kong or with the Registrars' Agents in the United Kingdom before 3 p.m. on 12th November 1982 will be calculated as

ows. For A shares:					
Number of new A shares to be received	=	Number of existing A shares	×	0.230 8.130	
For B shares: Number of new B shares to be received	=	Number of existing B shares	×	0.046 1.350	

and will be rounded down to the nearest whole number of new shares, fractional entitlements being disregarded.

Certificates for the new A and B shares in respect of the scrip dividends, which will rank parl passu with the existing issued shares of the Company, together with the dividend warrants in connection with the cash dividends of 1.0¢ per A share and 0.2¢ per B share, will be despatched to shareholders on 23rd November 1982, and dealings in the new shares are expected to commence on 26th

> By Order of the Board JOHN SWIRE & SONS (H.K.) LIMITED

Hong Kong, 8th November 1982

Swire Pacific Limited The Swire Group

EMS EUROF	PEAN	CURRENCY UNIT RATES					
<u> </u>	ECU central rates	Currency amounts against ECU November 5	% change from central	% change adjusted for divergence	Divergence		
Bolgian Franc	44.9704	45.5884	+1.37	+1.15	±1.6501		
Danish Krone	8.23400	8.24788	+0.17	~ 0.05	±1.6430		
Gorman D-Mark	2.33379	2.35136	+0.75	+0.53	+1.0888		
Franch Franc	5.81387	5.63761	+0.36	+0.14	+1.3940		
Dutch Guilder	2.57971	2.55869	-0.81	1.03	+1.5004		
Insh Punt	0.691011	0.691487	+0.07	-0.15	±1.6691		
ralien Lira	1350.27	1349.05	-0.09	-0.09	±4.1389		
Change	are for é	CU. therefore	positive cha	nge denotes	*		

	rates	November 5	Central	qivetëence	fimit %
Belgian Franc	44.9704	45.5884	+1.37	+1.15	+1.5501
Danish Krone	8.23400	8.24788	+0.17	~ 0.05	±1.6430
German D-Mark	2.33379	2.35136	+0.76	+0.53	+1.0888
Franch Franc	5,81387	5.63761	+0.36	+0.14	+1.3940
Dutch Guilder	2.57971	2.55869	-0.81	1.03	+1.5004
Inst Punt	0.891011	0.691487	+0.07	-0.15	-+-1.6691
talien Lira	1350.27	1349.05	-0.09	-0.09	±4.7389
		ECU, therefore djustment calc			

OTHER CURRENCIES									
Nov. 5	2			£ Note Rates					
Argentina Peso. AustraliaDollar. Srazil Cruzero Finiand Markka Greek Drachma Hong Kong Deilar IranRial KuwattDinar.(KD) Luxembourg Fr Malaysia Dollar New Zesland Dir. Saudi Arab. Riyal Singapore Dollar Sth.Aincan Rand U.A.E. Dirham	1,7840; 1,7850 377; 379 9,2202; 9,2308 119,535; 123,185 11,122; 11,152 145,35; 0,4880; 0,4890 82,90; 83,10 3,923; 3,940 2,5540; 2,5590 5,7240; 5,7310 5,6795; 3,6855 1,9205; 1,9238	1,0704,1,0710 224,49,325,61 5,5430,5,5448 78,00,73,20 6,586,70 86,35° 0,2934,0,2936 51,50,51,50 8,3646,2,3670 1,4124,1,4144 3,4400,3,4480 2,2,120,8,2140 1,1563,1,1574	Austria. Seigium Denmark France Germany. Italy Japan. Netherlands Norway Portugal Spain Sweden Switzerland United States. Yugoslavia.	15.00-15.15 12.06-12.18 4.2714-4.3114 2445-2475 463-468 4.6614-4.6914 12.10-12.22 165-185					

THE	POUND	SPOT	AND	FORWARD

Nov 5	Day's spread	Close	One month	% p.a.		% p.a.
u s.	1.6600-1.6695	1,6620-1,6640	0.03-0.08c dis	-0.39	0.25-0.35dis	-0.72
Canada	2.0310-2.0390	2.0330-2.0350			1.12-1.22dis	
Nothind.	4.65-4.681-	4.66-4.67	15-7c pm		31-27 pm	2.68
Belgrum	82.80-83.35	82,90-83,10	20-30c dis		80-80 dis	-4.10
Donmark	15.00-15.08	15.04-15.06	94-111-ore-dis		30%-32%dis	-8.42
treland	1.2560-1.2630	1,2800-1,2820	0.37-0.55p dis	-4.38	1.22-1.42dis	-4.19
W. Ger.	4.28-4.31	4.28 -4.29 -	1-1-pf pm		24-1% pm	1,98
Portugal	751.50-153.00	151.75-152.50	165-480c dis	-25.44	480-1245dls	-22.68
Spain	196.50-197.50	196.60-196.90	400-485c dis	-27.29	1065-1160d	-22.62
italy	2452-2468	2454-2458	20-33 lire dis	-15.40	79-83 dis	-13.20
Norway	12.09-12.17	12.10-12.12	63-75 ore dis	-6.87	19%-207-dis	-6.71
France	12.07-12.121,	12.08-12.10	67-87-c dis	-7.44	281-311-dis	-9.93
Sweden	12,43-12,52	12.44-12.48	4%-53-ore dis	-4.94	131-141-dis	-4.48
Jugan	457-465	459-460	13 - ay pm	2.45	21-2 pm	1.96
Austria	30.00-30.20	30.03-30.08	67s-3½gro pm	212	14 <sup>1</sup> ,-9 <sup>1</sup> , pm	1.58
Switz,	3.58 - 3.71 -	3.694-3.704	24-140 pm	6.49	53-47 <sub>0</sub> pm	5.54
	igian rate is f c-month forwar		francs. Financ 0.80c drs, 12-m		85.65-85,80, 5-1,90c dis.	٠

Ų S.	1.6600-1.6695	1.6620-1.6640	0.03-0.08c dis	-0.39	0.25-0.35dis	-0.72				
Conuda	2.0310-2.0390	2.0330-2.0350	0.38-0.48c dis	2.54	1.12-1,22dis	-2.30				
Nothind.	4.65-4.68	4.66-4.67	13,-7c pm	2.89	33-27 pm	2.68				
Beigrum	82.80-83.35	82.90-83.10	20-30c dis	-3.61	80-90 dis	-4,10				
Donmark	15,00-15.08	15.04-15.06	94-111 ore dis	-8.32	30%-32%dis	-8,42				
treland	1.2560-1.2630	1.2600-1-2620	0.37-0.55p dis		1.22-1.42dis	-4.19				
W. Ger.	4.28-4.31	4.28-2-1.29-2	1-1-pf pm	2.10	2Կ-1% pm	1.98				
Portugal	151.50-153.00	151.75-152.50	165-480c dis		480-1245dls	-22.68				
Spain	196.50-197.50	196.60-196.90	400-485c dis	-27.29	1065-1160d	-22_62				
italy	2452-2468	2454-2458	30-33 lire dis	-15.40	79-83 dis	~13 <i>.2</i> 0				
Norway	12.09-12.17	12.10-12.12	64-74 ore dis	-6.87	19%-20%dis	-6.71				
France	12.07-12.12%	12.08-12.10	61 <sub>2</sub> -81 <sub>2</sub> c dis		281 <sub>2</sub> -311 <sub>2</sub> dis	-9.93				
Sweden	12.43-12.52	12.44-12.46	4%-5% ore dis	-4.94	131 <sub>2</sub> -143 <sub>1</sub> dis	-4.48				
Jupan	457-4 <del>65</del>	459-460	13e-3y pm		21 <sub>2</sub> -2 pm	1.96				
Austria	30.00-30.20	30.03-30.08	67 <sub>2</sub> -3½gro pm		14 <sup>3</sup> ,-9 <sup>3</sup> , pm	1.58				
Switz,	چ-2.71-2 سيا3.68	3.6912-3.7012	24-140 pm	6.49	53-47 pm	5.54				
Belgian rate is for convertible francs. Financial franc 85.65-85.80. Six-month forward dollar 0.70-0.80c dis, 12-month 1.75-1.90c dis.										

Nov. 5	Pouna Striling	U.S. Dollar	Deutschem's	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Gulld'	Italian Lira	Canada Dollar	Balgian Fran
Pound Sterling	0.601	1.663	4,290	459.5	12,09	3,700	4,665	2458.	2.034	83.00
U.S. Dollar		1	4,580	276.3	7,270	2,225	2,805	1476.	1.228	49,91
Deutschemark	0,235	0.388	9.336	107,1	2,818 .	0.862	1,087	572.3	0.474	19,35
Japanese Yen 1,000	2,176	3,619		1000,	26.31	B.052	10.15	5348.	4.427	180.6
French Franc 10	0.827	1.376	3.548	580,1	10.	3.060	3,859	2031.	1,682	68,65
Swiss Franc	0.270	0.449	1,159	124,8	3.268	1	1,261	668.5	0,560	22,43
Dutch Guilder	0,214	0,358	0.920	98,50	2,592	0.795	1,900	526.3	0.436	17.79
Italian Lifa 1,900	0,407	0,677	1.747	187,2	4,925	1.507		1000.	0.829	33,81
Canadian Dollar	0.493	0.818	2.109	225,9	5,944	1,819	2,294	1207.	2,451	40.81
Belgian Franc 100	1.205	2.004	5.169	563,6	14,57	4,458	5,620	2958.		100,

#### MONEY MARKETS

**EXCHANGE CROSS RATES** 

# A new lease for Liffe

#### BY COLIN MILLHAM

week, with the start of the three-month sterling interest rate con-tract on the London Inter-national Financial Futures Exchange, Instead of just being able to trade the three-month Eurodollar, with arbitrage oppor-tunities almost entirely confined to the December-March spread, dealers are now able to take positions between the different contracts.

Parily as a result of this, and Partly as a result of this, and also because the December settlement date is only about a month away, the volume of trading in the March contract has increased significantly. March Eurodollar open interest also rose very sharply around the middle of the week, comfortably overtaking the figure for December, leading to Sugfor December, leading to suggestions that certain traders were taking arbitrage opportunities on the December-March

ties on the December-March price spread.

But present thoughts must centre on the significant difference between futures prices for Eurodollars and sterling deposits. This is a reflection of the different yield curves in the cash markets. The sterling curve falls up to four months, and is then flat up to 12 months, is then flat up to 12 months, indicating that London interest rates are likely to decline at least until about March, when

A whole new range of trading possibilities opened up last into the calculation, including lender of last resort facilities week, with the start of the three-mouth stering interest rate contract on the London Inter
A whole new range of trading all sorts of uncertainties enter market, while the other enjoys into the calculation, including lender of last resort facilities with the Bank of England, but the fact remains that British and U.S. interest rates will probon the other hand Eurodollars and U.S. interest rates will probate on a steadily rising yield curve, right up to 12 months.

There are certain differences between the two, including the fact that one is an offshore increase steadily as the period in conventional thinking is correct, and one school suggests that U.S. rates will fall more quickly than rates in London, the March Eurodollar price could be very attractive at the moment.

#### LONDON MONEY RATES

Nov. 5 1982	Certificate of deposit	Interbank	Authority deposits	negotiable bonds	House		Market Deposits	Treasury	Bank Bills 4	Trade Bills ¢
Overnight 2 days notice	=	5-10	924 91a	[ <del>-</del> }	<del>-</del> -	819-916	694			
7 days or 7 days notice	i — .i	94.919	918	=	. <del>.</del>	<b>i</b> =	9-91	=	= 1	=
One month	972 97	946 91g	91¢ 91g	101g 93g 93g-98g	914	1 91 <sub>2</sub> [ 96 <sub>8</sub>	818-824 8-824	84	812 813	9 iż
Three months.	9, 8,	8 9	9.8	912 91	81.	91 <sub>2</sub> 93 <sub>8</sub>	8-815	85g 85g	85e 814	914 878
Six months	83, 858	B789 }		918-834 914-876	8 (4 8 (4 8 (4	-	=			~"
One year	83, 856	878.9	97g 934	9 834	— a (e	=			= 1	=

ECGD Fixed Rate Sterling Export Finance. Scheme IV Average Rate for interest period October 6 to Novem 1932 (inclusive): 9.753 per cent. Lical authorities and finance houses seven days notice, others seven days fixed. Long-term local authority mor rates, nominally three years 10 per cent; four years 10 per cent; fixed years 10 per cent. #Bank bill rates in are buying rates for rime papers. Buying rates for four-month bank bills 81 per cent; four-month trade bills 94 cent.

Approximate selling rate for one-month Treasury bills  $\theta^{27}_{27}$  per cent; two-months  $\theta^{2}_{21}$  per cent; and three-months  $\theta^{2}_{22}$  per cent. Approximate selling rate for one-month bank bills  $\theta^{23}_{22}$  per cent; two-months  $\theta^{23}_{22}$  per cent; one-months  $\theta^{23}_{22}$  per cent; three-months  $\theta^{23}_{22}$  per cent; three-mont

Trestury Bills: Average tender rates of discount 8.5089 per cent, Certificates of Tex Deposit (Series 6). C100 OCC and over held under one-month 9½ per cent; one-three-months 9% per cent; three-12-months 9 per £100.000 8½ per cent from November 5. Deposits held under Series 1-5 9 per cent. The rate for all deposits

# Northern Trust Corporation announces the opening of Northern Trust Bank of Florida.

#### A distinguished financial services institution designed to meet today's international banking needs.

Northern Trust Corporation has announced the opening of Northern Trust Bank of Florida in Miami, a new corporate affiliate of The Northern Trust Company of Chicago.

This is the second Northern Trust bank to be opened in Florida. Earlier this year the Northern Trust Bank of Florida/Sarasota was established. And in early 1983, Northern Trust banks will become operational in Naples and Palm Beach.

In forming Northern Trust Bank of Florida, we have merged the international expertise of Northern Trust Interamerican Bank. a Miami Edge Act bank, and the distinctive, personalized service of Security Trust Company in Miami, long recognized for pre-eminence in trust and asset management services. The result is a financial services institution with expertise in personal, commercial, trust, and international banking services.

We invite you to contact us, at your earliest convenience, to get acquainted with Northern Trust Bank of Florida and to learn-first hand-how our uncompromising tradition of quality can benefit you.

For more information on how we can be of service to you, contact Northern Trust Bank of Florida, 700 Brickell Avenue, Miami. Florida 33131. Or in London contact Jeffrey F. Ruzicka, The Northern Trust Company London Branch, 38 Lombard Street.

The more you want your bank to do, the more you need the Northern.

# Northern Trust Bank of Florida

A wholly owned subsidiary of Northern Trust Corporation, Chicago. Member F.D.I.C.

INTERE	ST RATE	5			مبصيد	
EURO-CUR! (Market clo	RENCY INTE		Six One	MONEY RATES  NEW YORK  Prime rate	. 11412	NETHERLANDS  Discount rate
Sterling 914 U.S. Dollar 912 Gan. Dollar 912 D. Gunder 912 S. Franc 21 Deutschmisk 9	91 918 958 91 918 958 91 918 958 101 11.12 5 918 658 11 21 258 12 24 24 1-27 14 12 12 12 12 12 12 12 12 12 12 12 12 12	Month Months 91, 95; 9-91; 93, 95; 9-94; 15; 115; 114; 115; 61; 63; 61; 63; 61; 63; 61; 63; 16; 161; 153; 187; 16; 161; 153; 187; 24; 253; 221; 222; 153; 135; 123; 123; 123; 153; 135; 123; 123;	Marie   Mari	GERMANY Lombard Overnight rate One month Three months FRANCE	7.73 8.19 7.0 7.05 7.075 7.275 7.225	\$ CERTIFICATES OF DEPOSIT  One month
	I INTERBANK		u c dollars	Three months	12.5625 12.5625	SDR LINKED DEPOSITS  One month
9 3.4 pig	U.S. dollars offer 9 7 5	· bid 9 13:16	U,S. dollars offer 9 15:18	Call (uncondizional) Bill discount (3-month) SWITZERLAND Discount rate	6,84375 7.21 <b>875</b>	Six months
THE PARTY OF THE DA	ere the anthmetic d and offered rotes I am eyeh working d o. Deutsche Back.	The beats and A	the market to five the market to five levenal Westminster Parie and Morgan	Overnight rate	11 <u>-21</u> 4 21-21	Three months

#### Masco Corporation 41/2% Convertible Subordinated Debentures Due 1988

Redemption Date: December 14, 1982 Conversion Right Expires December 14, 1982

NOTICE IS HEREBY GIVEN to the holders of the 415% Convertible Subordinated Debentures Due 1988 (the "Debentures") of Masco Corporation (the "Company") that, in accordance with the terms of the Indenture dated as of February 1, 1973 between the Company and First National City Bank in the indenture dated as of represent 1, 1975 perween the Company and Pirst (vacional City Bank (now "Citibahk, N.A."), as Trustee, the Company has elected to redeem all of the Debentures outstanding on December 14, 1982 at a redemption price of 100½% of the principal amount thereof plus accused interest from February 1, 1982 to December 14, 1982. Payment of the redemption price and accrued interest, which will aggregate \$1,043.96 to each \$1,000 in principal amount of Debentures, will be made upon presentation and surrender of the Debentures, together with all interest coupons maturing after Fuhruary 1, 1983 as the officer of the Pasing and Company on Asserts set forth below.

after February 1, 1982, at the offices of the Paving and Conversion Agents set forth below.

The Debentures will no longer be outstanding after the date fixed for redemption and all rights with respect thereto, including accrual of interest, will cease on that date, except only the right of the

holders thereof to receive the redemption price and interest accrued to such date.

DEBENTUREHOLDERS HAVE, AS ALTERNATIVES TO REDEMPTION, THE RIGHT TO SELL THEIR DEBENTURES OR. ON OR BEFORE THE CLOSE OF BUSINESS ON DECEMBER 14, 1982. TO CONVERT SUCH DEBENTURES INTO THE COMMON STOCK, \$1.00 PAR

VALUE, OF THE COMPANY (THE "COMMON STOCK"). The Debentures may be converted into the Common Stock at a conversion price of \$3214, and holders of the Debentures who elect to convert will receive 31 shares for a \$1,000 Debenture. In order to effect this conversion, a Debentureholder should deliver written notice of election to convert to the Paying and Conversion Agent stating the name or names (with addresses) in which the certificate or certificates for the shares of Common Stock deliverable upon such conversion shall be issued, together with the Debentures to be converted and all unmatured coupons. A holder who surrenders Debentures for conversion will receive a certificate for the full number of whole shares of the Common Stock to which he is entitled. No tractional shares will be issued upon conversion of any Debentures, but in lieu thereof the Company will pay in United States dollars an amount equal to the market value of such fractional share, to the nearest one-hundredth of a share, computed on the basis of the last reported sale price of the Common Stock on the New York Stock Exchange Composite Tape on the business day immediately preceding the conversion date. If more than one Debenture shall be delivered for conversion at one time by the same holder, the number of full shares which shall be deliverable upon conversion shall be computed on the basis of the aggregate principal amount of Debentures so converted. The conversion will be deemed to have been effected immediately prior to the close of business on the date on which the Paying and Conversion Agents receive notice of conversion and the Debentures surrendered for conversion. Upon conversion of Debentures no payment or adjustment will be made for interest accrued thereon or dividends or distributions on any shares issued upon conversion. Debentures delivered

for conversion must be accompanied by all interest coupons maturing after the date of surrender.

From July 1, 1982 through October 28, 1982 the last reported sales prices of the Common Stock on the New York Stock Exchange Composite Tape ranged from a high of \$49 per share to a low of \$30/4 per share. The last reported sale price of the Common Stock on such Composite Tape on October 28, 1982 was \$481 per share. At such last sale price per share, the holder of \$1,000 principal amount of Debentures would receive upon conversion shares of the Common Stock having an aggregate value of \$1,495.75. However, such value is subject to change depending on changes in the market value of the Common Stock. So long as the market price of the Common Stock is \$33% or more per share, upon conversion Debentureholders will receive Common Stock and cash in lieu of any fractional share having a greater marker value than the cash which they would receive upon redemption.

TOTAL PROPERTY OF DEBENTURES TO THE PAYING AND CONVERSION AGENTS SET FORTH BELOW AFTER THE CLOSE OF BUSINESS ON DECEMBER 14, 1982, REGARDLESS OF INSTRUCTIONS IN ANY NOTICE, WILL RESULT IN THE REDEMPTION OF SUCH DEBENTURES AT THE REDEMPTION PRICE OF 10014% OF THEIR PRINCIPAL AMOUNT TOGETHER WITH ACCRUED INTEREST TO DECEMBER 14, 1982.

#### IMPORTANT FACTS ABOUT REDEMPTION

AS DESCRIBED ABOVE, BASED UPON CURRENT MARKET PRICES, THE MARKET VALUE OF THE COMMON STOCK INTO WHICH THE DEBENTURES ARE CONVERTIBLE IS SIGNIFICANTLY GREATER THAN THE AMOUNT OF CASH WHICH WOULD BE RECEIVED UPON SURRENDERING THE DEBENTURES FOR REDEMPTION. ALL RIGHTS TO CONVERT THE DEBENTURES INTO THE COMMON STOCK EXPIRE AS OF THE CLOSE

#### **PAYING AND CONVERSION AGENTS**

Citibank, N.A. Receive and Deliver Department 111 Wall Street, 5th Floor New York, New York 10043

Citibank, N.A. Citibank House, 336 Strand P.O. Box 78 London WC2R 1HB

England Citibank, N.A. Grosse Gallusstrasse 16 Postfach 2505 6000 Frankfurt/Main, Germany.

Citibank, N.A. Avenue de Tervuren 249 P.O. Box 7 1150 Brussels, Belgium

Citibank, N.A. Herengracht 545-549 Postbus 2055 Amsterdam, Netherlands

Dated: November 8, 1982

Citibank, N.A. B.P. 738-08 75361 Paris Cedex 08, France

Cîtibank (Luxembourg) S.A. 16 Avenue Marie Therese P.O. Box 263 Luxembourg

Banque Internationale a Luxembourg S.A. 14 Rue Aldringen Luxembourg

Citibank, N.A. Milan 20121, Italy

Union Bank of Switzerland Bahnhofstrasse 45 Zurich, Switzerland

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#### senior executives in banking/finance/insurance cos.

base: all informants	GERMANY	EUROPE
Handelsblatt	72%	18%
Frankfurter Allgemeine Zeitung	67%	17%
Die Welt	31%	8%
Suddentsche Zeitung	20%	4%
Financial Times	8%	24%
International Herald Tribune	5%	8%
Business Week	4%	11%
Economist	2%	15%

#### senior financial managers in industry

base: all informants	GERMANY	EUROPE
Handekblatt	64%	19%
Frankfurter Allgemeine Zeitung	56%	17%
Die Welt	23%	7%
Süddentsche Zeitung	14%	4%
Financial Times	5%	29%
Business Week	3%	10%
International Herald Tribune	1%	3%
Economist		8%

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**APPOINTMENTS** 

# New print chief at HMSO

Mr George Macaulay, director-general of printing at HMSO, will shortly retire. His successor as the management group member of HMSO responsible for the print procurement, production and technical service divisions will be Mr Ken Allen, director of production in the department. The new director-general joined HMSO in 1950 from the printing industry in Bristol, and was the director of technical services before taking over responsibility for the HMSO Printing Presses in 1976, to which has currently been added the reprographic units of HMSO.

Mr D. M. Gransby, who joined the ASSOCIATED DAIRIES GROUP in June, 1980 as develop-GROUP in June, 1980 as development director designate, has been appointed a director of the company and becomes development director in succession to Mr J. D. Ridgway. Mr Ridgway will remain a member of the Associated Dairies Group board in a non-executive capacity until his normal retirement date.

Mr David Nicholson has been appointed director, home affairs, of the ASSOCIATION OF BRITISH CHAMBERS OF COM-MERCE, in succession to Mr Joseph Egerton.

J. D. BEARDMORE AND CO. a Thomas Tilling Group com-pany, has appointed Mr Paul Quinn as managing director.

Mr Tony Barrett has been appointed a director of BAR-CLAYS BANK. He is senior



Barrett. Tony who ies a directo Barclays Bank

local director of the bank's Luton district, and is also a director of Barclays Bank UK.

Elected directors of EMPLOY-MENT CONDITIONS ABROAD are Mr D. F. Wheatley, sponsored by Shell international Petroleum and Mr H. P. G. Hinde, sponsored by Beecham Group.

ARBUTHNOT FACTORS has appointed Mr K. Dean as managing director, domestic factoring, and deputy chairman. Mr P. T. Black is appointed managing director, international factoring. Both were previously directors. Appointed to the board is Mr. M. N. Wright, formerly client relations manager. Mr B. F. Lonkins who was chairman and Jenkins who was chairman and managing director continues as chairman.

Mr Martin Smart has been appointed a director of EVERETT'S.

Mr Philip Parker has been appointed managing director of DELTAK.

Mr M. Rutherford has been appointed managing director and Mr D. Barlow purchasing director of BMA SERVICES. The company is jointly owned by the British Medical Association and Jardine Glanvill (UK) and has been set up to provide insurance and financial services to BMA members and associate members.

appointed a director of AGB RE-SEARCH.

Mr E. W. S. Ashton, director

COAT PROPERTIES.

over as chief executive officer of Amcon, but will retain his execuive responsibilities for other

> LADBROKE INDEX 622-627 (-3)

**WEEK'S FINANCIAL DIARY** 

The following is a record of the principal business and financial engagements during the week. The board meetings are meinly for the purpose of considering dividends and official indications are not always available whether dividends concerned are intering or finals. The sub-divisions shown below are based mainly on last year's timetable.

COMPANY MEETINGS—
ferry Picharing, Allen House, Newarke Street, Leitesser, 11.45 House, Newarke Street, Leitesser, 11.45 Blackford Road, Hortham, Susseet, 11.50 Blackford Road, Hormeton, 12. Therborne Road, Birmingham, 3.00 MUCKIOW LA AND J.\*\* CHAMBER OF COMMERCE 75. Harborne Road, Sirmingham, Marray Glenderon Int. 7st., 163. Hope Street, Glasgow. 10.30
Procious Metals Tel., Garard House 31, Gresham Street, E.C. 5.00
BOARD MEETINGS—
Freshis Sirving Company Company Chydardalo Inv Tst Intelligence Int. Bushing Gleson Hunting Gleson Hunting Gleson Hunting Gleson Hunting Gleson Hunting Gleson Hunting Gleson Children Company Co

Mr R. E. Thomas, director of corporate strategy programmes at Ashridge Management College, has been appointed chairman of GMWCOMPUTERS.

Mr F. A. Davies, retired deputy general manager of Eagle Star Insurance Company and Mr Aharon Sacharov, chairman of Sahar Insurance Company of Israel, have been appointed directors of FIBI FINANCIAL TRUST, UK banking subsidiary of The First International Bank of Israel.

manufacturer of energy explora-tion equipment and the fabrica-tion, production and distribution

Mr T. H. "Tom" Jenkins, former general secretary of the Tranport Salaried Staffs' Associa-tion, has joined BRITISH RAIL's Midiand and North Western Regional Board.

Gold Fields operations. Amoun is the North American subsidiary

of Consolidated Gold Fields with

interests in precious metals mining and in exploration; the

of steel and scrap metals.

Mr Eric Maddison has been appointed to the board of WELWYN ELECTRONICS — a WELWYN ELECTRONICS — a Royal Worcester company—as marketing director. Previously managing director of Allen-Bradley Electronics, he will be responsible for the marketing policies of Welwyn Electronics, including Welwyn Electronics and Pelco Electronics, as well as Welwyn subsidiaries in France, Germany and Italy, and the company's three strain measurement and stress engineering companies. companies.

Sir Timothy Kitson has been appointed deputy chairman of PROVIDENT FINANCIAL GROUP.

TOMORROW

COMPANY MEETINGS—
dwest Group, Intercentinenta
Hamilton Plate, 12.00
affordshire Fattories, North
totel, Station Read, Stoke-12.30 80ARD MEETINGS-

Future Grr Portland Ests TR Property Inv Tst Whitbyad DVIDEND & INTEREST PAYMENTS— DVIDEN Empire Sec. and General Tst. 0.68p Morthou (Wm.) Supermaryel's 0.45p Southwark Corp. 6.5pcRed 1933-86 34pc 4.39 los (Wm.) Supermarrels 0,45p rark Corp. 64pcRed 1983-86 34pc

WEDNESDAY NOVEMBER 10 COMPANY MEETINGS— antors, 164-170, Queens Road. Sheffield. 12.30 12.30 Cleans Road, Sheffield choices (George H.J. Wyley Works, Wythenshave, Manchester, 12.00 80ARD MEETINGS—Plasts: ressups icottler Cities Inv Tat leterious: chubb Cuifen's Stores Elswick-Hopper External Inv Tst Hill Samuel Secombe March Hill Samuel
Secombe Marshall and Campion
Slingsty (H. C.)
Transatiantic and Gen Inves
DIVIDEND & INTEREST PAYMENTSAmerican Express 55cts

British Aurospace 3.25p
Guest Kore and Nortichids 4p
Honda Motor Yen5
Huntreigh Group 9.89
Marsh and McLennan 55cts
Merrill Lyuch Overseas Capital
Fits Rath Notes 1947 5164\_31
Midising Inds, 1.59
Murray Glendevon Inv. Tst 2.10p
Nichols U. N.J. (Vimto) 5.5p
Scholes George H.J. 14p
Staffartsbire Potteries 9.01p

THURSDAY NOVEMBER 11 UPANY MEETINGS— Group, Televisign Centre, Cardiff,

British and Commonweath Shipping Caledons, Irvs
Roster (J)
Riong and Shaxton
Nrthrin Goldsmiths
Northrin Goldsmiths
Dil and Associ irv Tek
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United Wire Spery 1.758
COMPANY MEETINGS—
Abwood Machine Tools, Founders Court
Loudery, E.C., 12.00
Commers, and Farbus, 189-197, WinCommee, Hull 12.00 ler House, Upper
Abbino Street, Loods, 11.45
BOARD MFFTINGS—
Fmals: Cook (William) (Sheeteld)

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Macconate martin distillering a Low Minty 29 Margan (J. P.) Intl. Finance Gus Fits Rate Notes 1997 330 51 Margan Fits Rate Can Notes 1993 37 Margan Fits Rate Can Notes 1993 7 Margan Fits Rate Can Notes 1996 3744 31 Martinan Reve Augel 2.2b Willay 1,155p Weistenholme Rink 2 Sp Cycle 'death trap' warning

CHRISTMAS could end tragi-cally for some children this year because a number of hicycles given as presents will be potential death-traps, a cycle bicycles given as presents will
be potential death-traps, a cycle
expert warned today.

Too many people buy
bicycles which have not been properly assembled and checked before being ridden on the road. And most of these bicycles arrive on the buyer's

"The warehouses which sold them expect the customer to check that brakes work, that wheels are properly aligned and that the main components do what they should.

"Injury, even death, can be caused by faulty assembly and poor checking procedures."

doorstep in a carton," said Mr Peter Lumley, editor of Bicycle

November 1982

All of these bonds having been sold, this announcement appears as a matter of record only. New Issue



The Council of Europe Resettlement Fund

for National Refugees and Over-Population in Europe Fonds de Réétablissement du Conseil de l'Europe pour les Réfugiés Nationaux et les Excédents de Population en Europe

Strasbourg/Paris DM 125,000,000 81/4 % Bearer Bonds of 1982 (88-92)

Berliner Handels- und Frankfurter Bank

Bankgesellschaft Bayerische Landesbank Girozentrale

Bankhaus Gebrüder Bethmann

Delbrück & Co

Allgemeine Elsässische

Deutsche Girozentrale Deutsche Kommunalbank-Hessische Landesbank -Girozentrale -Merck, Finck & Co.

Sal. Oppenheim jr. & Cie. M. M. Warburg-Brinckmann, Wirtz & Co.

Creditanstalt ~ Bankverein

The Industrial Bank of Japan

Abu Dhabi Investment Company Ranca del Gottardo Banque Internationale à Luxembourg S.A.

Mr John McBride has been

ongineering group, Coventry, and Dr B. C. Lindley, director technology division, have been appointed to the board of DUN-LOP, the group's European operating company.

The WILLIAMS LEA GROUP has appointed Mr Robert J. Hodgson as managing director of Williams Lea and Co. Mr Hodgson was managing director of Burrup Mathieson and Co.

Following the acquisition of Dunbar Group by Hambro Life Assurance, Mr Mark Weinberg and Mr Syd Lipworth have been appointed to the boards of DUN-BAR GROUP and DUNBAR AND CO.

BELL AND HYMAN has ap-pointed Mr Patric Duffy, company secretary and chief accountant,

Mr Ian C. Gunn, director of investments, the Canada Life Assurance Company, has been appointed a director of GREEN-

Mr Rudolph Aguew, group chief executive and chairman-elect of Consolidated Gold Fields. has been appointed chairman of the board of AMCON GROUP INC. New York. Mr David Lloyd-Jacob, chairman and chief executive of Americand his Jacob, chairman and chief executive of Amcon, has resigned his executive appointment and directorship. He will continue to be available to the Gold Fields Group as a consultant. Mr Lloyd-Jacob has also resigned from the board of Consolidated Gold Fields and from other group appointments. Mr Humphrey Wood, a managing director of Consolidated Gold Fields takes over as chief executive officer of

Bank für Gemeinwirtschaft Aktiengesellschaft

Bayerische Vereinsbank Aktiengesellschaft Commerzbank

Deutsche Bank Aktiengesellschaft Dresdner Bank Aktiengesellschaft

Bankhaus Hermann Lampe Kommanditgesellschaft B. Metzler seel. Sohn & Co.

Trinkaus & Burkhardt Westdeutsche Landesbank

Algemene Bank Nederland N.V. Banque Bruxelles Lambert 5. A.

Girozentrale

Banque Nationale de Paris Daiwa Europe Limited

(Luxembourg) 5. A. Piérson, Heldring & Pierson N.V. Société Générale

Berliner Bank Richard Daus & Co., Bankiers DG BANK

Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft

Deutsche Genossenschaftsbank Georg Hauck & Sohn Bankiers Landesbank Rheinland-Pfalz Norddeutsche Landesbank

Girozentrale Vereins- und Westbank Westfalenbank Akbengesellschaft

Arab Banking Corporation (ABC) Banque Indosuez Crédit Commercial de France

Genossenschaftliche Zentralbank AG-Vienna Kuwait Foreign Trading Contracting & Investment Co. Kredietbank International Group (S. A. K.)

Swiss Bank Corporation International Limited

This announcement appears as a matter of record only.



#### Akzo nv

Amhem, the Netherlands

Hfl 100,000,000 10<sup>3</sup>/<sub>4</sub> per cent. Bonds 1982 due 1988/1992

Annual coupons November 15

Algemene Bank Nederland N.V.

Amsterdam-Rotterdam Bank N.V.

Union Bank of Switzerland (Securities) Limited

Pierson, Heldring & Pierson N.V. Bank Mees & Hope NV Nederlandse Credietbank N.V. Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. Nederlandsche Middenstandsbank N.V.

Credit Suisse First Boston Limited Deutsche Bank Aktiengesellschaft Société Générale de Banque S.A. Swiss Bank Corporation International Limited

October, 1982

#### A FINANCIAL TIMES SURVEY

# SCOTLAND

#### **December 10, 1982**

The Financial Times is proposing to publish a survey on Scotland in its issue of December 10, 1982. The provisional editorial synopsis is set out below.

INTRODUCTION: Scotland is searching for a new generation of managers and entrepreneurs to help it out of the recession. The new industrial base which the various development bodies in Scotland are trying to create and the progress to date. How Scotland is coping with the stresses and strains of adapting away from older industries. The social, political and economic state of the nation and what it has to offer to the newcomer.

Editorial coverage will also include:

Industry New Technology Development Agencies

Labour

Property

Transport **Politics** Economy

Regions

**Profiles** 

Agriculture and Fisheries Tourism

Copy date November 12, 1982

For further information and advertisement rates please contact:

Kenneth Swan Financial Times, 37 George Street, Edinburgh EH2 2HN. Tel. 031 226 4139. Telex: 72484.

# FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

The size, contents and publication dates of surveys appearing in the Financial Times are subject to the discretion of the Editor.

#### £5.4 work for Laing

JOHN LAING Development Services has completed the purchase of an office site in the heart of Edinburgh's New Town. The site in Abany Street is a former church, previously used as a theatrical warehouse by STV. Planning permission for demolities and the rehabiliting of about riaming permission for demoti-tion and the rebuilding of about 20,000 sq ft of accommodation and 12 car spaces on four floors and basement has been granted. Demolition is scheduled to com-mence during November to enable rebuilding to start early in 1983. The construction contract worth about £1m will be awarded to John Laing Construction, Scot-

Work on a £4.4m supermarket in Sheffield has just been started by the Yorkshire region of JOHN LAING CONSTRUCTION. The two-storey in situ concrete structure for J. Sainsbury is due for ture for J. Szinsbury is due tor completion within 16 months. A ramp will connect the two decks of car parking and a retaining wall will surround the Archer Road development. A service yard, glazed pedestrian walkways, sub-station, drainage and external works are also included.

TAYLOR WOODROW CON-STRUCTION (NORTHERN) is to build an effluent treatment plant build an effluent treatment plant in Cheshire, and extensious to another in West Yorkshire. The North West Water Authority has placed the larger of the two latest contracts. It is worth £2.2m and entails construction of a sewaze works in Widnes. Included in this project will be a screen and press bouse, two detritors, distribution channels, four primary settlement tanks, a pumping station, four sludge thickening tanks, a weighbridge, an administration building, roads, and on-site pipelines and channels. It is site pipelines and channels. It is ste pipelines and channels. It is scheduled for completion in August 1984. The other contract, worth £950,000, has been awarded by Yorkshire Water Authority for civil engineering works to extend the Clayton West sewage treatment when near Deply treatment plant, near Denby Dale, and is due to be finished in October 1984.

PRESS CONSTRUCTION has been awarded a £600.000 contract by the Scottish Development Agency for an industrial conversion project, for completion in nine months. The building divi-sion of the company's Renfrew-based Scottish region is to carry based Scottish region is to carry out phase two in the development of the SDA's Templeton Business Centre at Glasgow Green. This distinctive and unusual brick building—which is on the official preservation list— is being converted into small industrial units ranging in area from 250 to 5,000 so ft.

RIPPIN STRUCTURES, Fife, has secured a further five contracts valued at just over \$500,000. They include factories and steelwork for Mossmorran, the Turtle Beryl "B " project, Livingston Environmental Health Departing and the Cumbernauld ment and the Cumbernauld Centre phase I development.

#### INSURANCE

# **Industry attempts self-control**

BY ERIC SHORT

even in UK life assurance—an operating under some sort of attempt by the industry to con-trol its salesmen before the The insurance authorities step in. the initiative an

irrespective of qualifications, experience or integrity. This lack of control by the

authorities surprises many people, particularly as the Government has tried to protect the consumer in many other fields, especially credit provia Government body.
The previous Labour Govern-

The previous Labour Govern-ment intended to regulate the whole insurance sales side— The Life Offices Association whole insurance sales side—
both life and non-life. It started
by looking at the position of for insurance company salesinsurance brokers and followed men, but there apears to be no
this by issuing a Green Paper
on control of all intermediaries.

This envisaged that insurance
their own training schemes
which wark in quality from would only be sold by either which vary in quality from registered insurance brokers excellent to perfunctory. Some operating under a self-regulatory body with statutory backpropers, or by full-time employees awkward questions.

THIS WEEK sees an important of insurance companies also

The insurance brokers took the initiative and, with Govern- problem. The UK life assurance indusment support, pushed through the Life Insurance Association, try enjoys complete freedom the Insurance Brokers Regis a body formed more than 10 for anyone to sell life assurance, tration Act in 1977. The insur- years ago primarily to repreance broking sector is now sent those selling life assurregulated and no one can ance, both company employees operate as a broker unless he fulfils the requirement. fulfils the requirements of the

Act. The other Green Paper proposal for full-time employees never got off the ground. So there is still no regulation for fields, especially creat proving there is still no regulation for is not entirely happy with the full- or part-time insurance situation either, though it company employees. Anyone would prefer self-control to have can still operate as an independent ing control imposed upon it by dent insurance intermediary without control, providing he

This chaotic situation is unsatisfactory and somebody had to take the initiative before the Government deals with the problem. This has come from

examination system and code of conduct. It has expelled members for breaking that

salesmen and has called on all other interested organisations to participate on its proposed licensing board.

the straightforward to complex life and pensions plans. Salesmen — a problem bedeviling the industry at present— and as yet no consumer bodies licence and procress upwards. men would start with the first licence and progress upwards to a licence that would enable them to sell all products. No salesman would be able to sell products not covered by his

This graded licensing system is quite common in many other countries, though it is con-trolled by the authorities.

The association intends that people with a licence. It wants the committee which grants

The control system would also introduce some kind of standard for life company inhouse training schemes, laying down syllabuses and minimum standards of training.

There are three major drawbacks to this proposal. One can-Now it wants a complete not envisage all life companies system of licensing for all life agreeing to employ only agreeing to employ only licensed salesmen or having a training scheme approved by an outside body. Secondly, it does

> But the association is right to take this initiative because except Government intervention. The proposed committee is still exploring ways in which to operate a licensing system and it will be interesting to see how

#### The week's business in Parliament

Commons: Debate on the Queen's Speech: Subject: The Welfare State.

Select Committee: Treasury and Civil Service—Subject: Civil Service Pay. Witnesses. Rt Hon Sir John Megaw and the Lord Lever of Manchester (Room 15, TOMORROW

Commons: Debate on the Queen's Speech; Subject: Industry. Lords: Debate on the Queen's

Speech; Subject: Foreign affairs

Select Committees: Defence; Subject: The handling of Press and public information during the Falklands Islands conflict. the Falklands Islands conflict.
Witnesses: The Editor, The
Times (10.30 am): Ministry of
Defence public relations staff
(11.30 am) and the Chief Press
Secretary, 10 Downing Street
(4.00 pm) (Room. 15, 10.30 am
and 4.00 pm).
Procedure — Subject: Procedure (finance). Witnesses:
Ministry of Defence officials
(Room. 8, 4.15 pm).
Environment—Subject: The
problems of management and

problems of management and urban renewal. Witnesses: Merseyside Task Force (Room 16, 4.30 pm). Affairs - Subject: Maintenance, Witnesses: Auto-

Stration, Witnesses: Institute of Professional Civil Servants: OXFAM (Room 18, 5.30 pm).

WEDNESDAY

Commons: Final day of debate on Queen's Speech; Subject: Unemployment and the Economy.

Lords: Queen's Speech debate

third day—concentrating on
economic and industrial affairs.

Select Committees: Scottish Affairs: Subject: Steel Industry in Scotland. Witnesses: Scottish Office and Scottish Development Agency (Room 5, 10.30 am). Home Affairs: Subject: Representation of the People Act, 1949. Witnes:es: Home Office officials (Room 8, 11.00 am). Foreign Affairs - Subject: Falklands Islands. Witnesses: Foreign and Commonwealth Office officials (Room 15, 11.30

Defence-Subject: The handl-Defence—Subject: The handling of Press and public information during the Falklands Islands conflict. Witnesses: Rt Hon John Nott MP, Defence Secretary; Sir Frank Cooper, Permanent Under-Secretary, MoD (Room 15, 4.00 pm).

Public Accounts — Subject: Internal audit. Witness: Sir Anthony Rawlinson (Room 16, 4.00 pm).

Transport -- Subject: Road

Overseas Development Admini- mobile Association and Royal Automobile Club (Room 17. 4.15 pm). Treasury and Civil Service Sub-Committee. Subject: The

structure of personal income taxation and income support. Witnesses: Board of Inland Revenue, (Room 20, 4.15 pm). Employment — Subject: Employment creation. Witnesses: Co-operative Development Agency: British Steel (Industry)

(Room 6, 4.30 pm). THURSDAY Commons: Debate on the Government's proposals for revision of the Immigration Rules (Command No. 8683). Councils Lords: Wages (Northern Ireland) (Northern Ireland) Order, motion for approval. Debate on the position of the homeless young, followed by a debate on the Report of the Minority Rights Cravity and Control of the Minority Rights Cravity Rights Cravity Rights Cravity Rights Cravity Rights Rig

Rights Group on events in Diego Garcia. Select Committee: Agricul-ture—Subject: Organisation and financing of agricultural re-search and development, Wit-nesses: Ministry of Agriculture Fisheries and Food officials (Room 16, 11.00 am).

FRIDAY

Commons: Debate on developments in the European Com-munities, January to June 1982 (Command No. 8669).

#### **Open University** fees warning

DR JOHN HORLOCK, vice-chancellor of the Open Univer-sity, warned at the weekend that fee levels were now on a "cliff edge" and any further substantial increase "would be a real threat to the university and its openness."

Tuition fees at Britain's largest university in terms of student numbers have leapt in two years from £6°, for a full credit course, to £120—a 79 per cent increase.

The university is funded directly by government, which in effect, determines the fee. Last year, it received a grant of about £54m.

#### Rights plan by NFSEB

THE National Federation of Self Employed and Small Businesses has been told that its application to the European Human Rights Commission at Strasbourg is likely to be considered at the next session in December.

The NFSEB has complained to the Commission about what it regards as overpayment of National Insurance contribu-

#### CONTRACTS AND TENDERS

#### NOTICE FOR THE PREQUALIFICATION OF CONTRACTORS FOR THE OIL AND GAS PRODUCTION SURFACE **FACILITIES CONSTRUCTION**

Under the coverage of the Bati Raman Enhanced Oil Recovery Project, whose foreign currency requirements will be financed through a World Bank loan, Turkish Petroleum Corporation intends to solicit bids for field construction of the surface facilities for Dodan CO2 gas field and Bati Raman oil field in Eastern Turkey.

The facilities will include production, processing, compression and utility systems at Dodan and CO2 injection and produced fluid handling systems at Bati Raman. Equipment to be installed includes flowlines, manifolds, production separators, towers, heat exchangers, pumps, storage tanks, compressors, incinerator, vent stacks, boilers and electrical equipment. Most major equipment and instrumentation will be delivered to the field on preassembled skids, minimising field installation requirements.

Field construction will include limited site preparation, civil work, concrete work, mechanical equipment erection, structural steel fabrication and erection, off-skid piping fabrication and installation, installation of skid instrumentation, electrical works, building construction, hydrostatic testing, supply and application of insulation and coating materials, mechanical completion and precommissioning, procurement of bulk materials.

Contractors interested in bidding should apply at the address below before December 31, 1982, submitting the following information:

-A description of the contractor and its affiliations; -A list of similar contracts completed and on completion, showing locations, magnitude, precise work done, the name and the address

of the owner; -Summary of contractor's resources including men and equipment. Present locations of equipment and a percentage (or quantity) of equipment assignable to this job starting in summer 1983: -A brief description of proposed logistics and schedule;

-Balance sheets and the income statements of the past three years and other pertinent financial documents;

-References and other information that seem necessary. No further advertisement will be made. There will be a certain charge for the Tender Documents and qualified potential contractors will be notified when they are ready.

TURKISH PETROLEUM CORPORATION Attention: Mr. Bumin Gurses, Production Group Mudafaa Cad. No. 22, Ankara, Turkey. Telex: 42426 TPAO TR

#### THE ROYAL BOROUGH OF **KENSINGTON & CHELSEA**

Applications are invited from registered Solid Waste and other suitable contractors for inclusion in a select list or lists to be drawn
up in due course for the provision of domestic and trade refuse collection services in the Kensington area of The Royal Borough, and bulky refuse collection (paladins, barrier loaders, etc.), highways and markets cleansing services (street sweeping, litter bins and guillies etc.) in the whole of the Borough. It is anticipated that tender documents will be forwarded to successful applicants in min December and applications, including the name and address of two referees, should be submitted not later than 20th Navember 1987 to

22në November 1982 10. The Acting Director of Engineering and Works Services

Central Depot. Warwick Road, London W14 8QD

## **CONTRACTS** AND TENDERS

Advertising appears every Monday The rate is £27.50 per single column centimetre

#### **BOND DRAWINGS**

#### Railways New Zealand

#### **Registration of Tenderers** Provision of an Electrified Railway

It is proposed to electrify a major portion of the North Island Main Trunk Railway in New Zealand. The railway is 1067 gauge and the electrification proposed is a 25KV AC system. Registration is required from organisations wishing to tender The five Contracts are:

Locomotives-Design, Supply, Comm Traction Overhead Design, **Power Supply** Supply, Signals Install.

Com A description of the works and conditions for Registration of Tenderers is available from Director of Planning, Electrification and Shipping, NZR, Private Bag, Wellington, New Zealand, Telex ELSHIP NZ 30227, with whom applications for Registration close at 4.00 PM on 15th December

1702.

Registration will not be considered unless application is made in accordance with the conditions for Registration contained in the document "Registration for Stage 1 of NIMT Railway Registration of interest has already been called for Locomotives

and signalling. Companies who registered for these works are required to register again.

Tender Documents will not be issued to any Organisation or Company who has not registered by the due date.

Companies who are registered will be invited to uplift
Contract Documents on payment of a fee when Documents
become available in early 1983.

INVITATION TO PREQUALIFICATION

#### SUPPLY AND CONSTRUCTION OF NATIONAL CONTROL SYSTEM FOR

TURKISH ELECTRICITY AUTHORITY

The Turkish Electricity Authority is considering the installation of a Control System for the monitoring, control and technical management of its power generating and transmission system. For this purpose, a call for tender will be issued for the engineering, manufacture, supply and installation of the concerned equipment and services. This call for tender will be preceded by a preselection in order to qualify the final tendering manufacturers.

Related facilities and services will be partly financed by a loan from the European Investment Bank.

Firms wishing to be considered for prequalification may obtain the SUMMARY REPORT, which will provide the basis for this preselection, from the following address, free of charge, within the working hours by 15th November. 1982 at the latest The closing date for receipt of applications for prequali-fication is 1st December, 1982.

Address:
TURKIYE ELEKTRIK KURUMU iletim Şebekeleri işletme Dairesi Başkanlığı Sistem Araştırma ve Kontrol Müdürlüğü Necatibey Cad. No: 11, Kat: 7, Oda No: 704 Yenişehir—ANKARA/TÜRKEY

#### NOTICE OF REDEMPTION

**EUROPEAN COAL AND STEEL COMMUNITY (E.C.S.C.)** U.S.\$20,000,000 6½% 20 Year Bonds of 1966 Due 1st December, 1986

The Commission of the European Communities informs the Bondholders that a selection by lot for a principal amount of U.S.\$1,162,000 have been made for redemption in the presence of a Notary Public on 21st October, 1982 by Banque Internationale à Luxembourg. The serial numbers of the Bonds selected by lot are as follows:~

14281 14282	14285	14343 to 14349	14358 14359	14375 to 14384
14429 to 14435	14451 to 14463	14465 14466	14468 to 14481	14497 to 14502
14517 to 14513	14516 to 14518	14534 to 14582	14588 to 14590	14753 to 14756
14782 to 14826	14847 to 14856	14943 14944	14952	14954 to 14956
14966 to 14969	14978 to 15028	15122 15123	15130	15139 to 15141
15217 to 15221	16356 to 15365	15397 to 15402	15413 to 15421	15425 to 15502
15514 to 15534	15600 to 15603	15635 15647	15744 to 15774	15905 15806
15808 to 15812	75818 to 15837	15973 to 15977	16136 16137	17912 to 17915
17931 17932	17962 17963	17966 17967	17976 to 17979	17982 to 17984
17986 to 17988	17990 to 18006	18008	18011 to 18013	18016 18019
18035 to 18039	18050 to 18063	18066	18068 to 18075	18078 18079
18081 to 18085	18094 18116	18141 to 18149	18154	18163 to 18169
18173 18174	18178	18180 to 18182	18186 to 18190	18228 to 18274
18283 to 18286	18290 to 18292	18297 to 18299	18301 to 18304	18312 to 18340
18345	18364 to 18368	18375 18413	18414 18416	18417
18477 to 18479	18487 to 18489	18496 18497	18501 to 18505	18510 to 18517
18541 to 18560	18576 to 18625	18627 18628	18660 to 18662	18679 to 18681
18689 to 18696	18699 18700	18716 to 18718	18747 18748	19761 to 18764
18774 to 18778	18781 to 18801	18809 18818	18862 to 18864	
				18382 to 18886
18896 to 18908	18922 to 18929	18933 to 19042	19044 19045	19047 to 19081
19086 to 19142	19173 to 19298			

Principal amount of Bonds purchased: U.S.\$188,000 Principal amount called for redemption: U.S.\$1,350,000 Principal amount unamortised after 1st December, 1982 U.S.\$5,150,000

The Bonds selected by lot will be reimbursed on or after 1st December, 1982 with the coupon due 1st December, 1983 and following attached in accordance with the terms of payment mentioned on the 8th November, 1982

#### **COMPANY NOTICES**

INTERCOM SOCIETE INTERCOMMUNALE BELGE DE GAZ ET D'ELECTRICITE Société anonyma place du Trone 1, Brussels, Belgium NOTICE TO SHAREHOLDERS

At the entraordinary general meeting of the above Company held on October 29th, 1982. It was decided to increase the authorised and insiged share capital from BF51,988,065,750 to BF36,035.001,970 by the issue of 5.008.876 new shares of witch.

1 2,972.878 thares may be subscribed for by way of rights by existing shareholders in the proportion of one new share tor every close year old shareholders at 2 subscribed for, at the same price, by the 5taff of DF6,000 shares may be subscribed for, at the same price, by the 5taff of DF6,000 shares may be subscribed for, at the same price, by the 5taff of DF6,000 shares may be subscribed for, at the same price, by the 5taff of DF6,000 shares may be subscribed for, at the same price, by the 5taff of DF6,000 shares may be subscribed for, at the same price, by the 5taff of DF6,000 shares may be subscribed for, at the same price, by the 5taff of DF6,000 shares may be subscribed for, at the same price, by the 5taff of DF6,000 shares may be subscribed for, at the same price, by the 5taff of DF6,000 shares may be subscribed for, at the same price, by the 5taff of DF6,000 shares may be subscribed for, at the same price, by the 5taff of DF6,000 shares may be subscribed for, at the same price, by the 5taff of DF6,000 shares may be subscribed for, at the same price, by the 5taff of DF6,000 shares may be subscribed for at the same price. Dares held at a subscribtion price of grisses with the Staff of the Staff of the Company.

The new shares will rank part passu with the 23.783,010 austing shares, except that the new shares will only participate in groft maring as from January 1st. 1982.

Application has been made to the Council of THE STOCK EXCHANGE for the 5.008.876 new shares now bring issued to be asmitted to the Omcial List.

Dealings in the shares now bring issued to be asmitted to the Omcial List.

Dealings in the shares now bring issued to the admitted to the Omcial List.

Dealings in the shares now being issued may be obtained from:

MIDLAND BANK LIMITED, instrnational Division.

MIDLAND BANK LIMITED, instrnational Division.

SA THOSMOTORION STORE LONDON ECS

BANQUE DE PARIS ET DES PAYS-BAS S.A.

3. THOSMOTORION STORE LONDON ECS

BANQUE BELGE LIMITED.

4. Bishoppaget, London ECS

BARING BROTHERS & CO LIMITED.

58 Leadenhall Street, London ECS

HILL SAMUEL & CO LIMITED.

100 Wood Street, London ECS

Holders of Share warrants to Bearer who wish to apply for their entitlement in the shares now being issued must longe coupon No. 30 rithrough an Authorised Depositary with any of the above-mentioned banks between 5th and 23rd November 1982 inclusive, Eccompanied by an application term duly compileted.

and 23rd November 1982 inclusive, accompanied by an application form duty completed.
The kubsc tytion price of 8F1,345 is payable in full on application. In the case of a hactional entitlement, the tractions may be sold or complementary fractions purchased at the reduced of the shareholder. Entitlement in the shareholder price of the shareholder composition of the payable of the shareholder and the proceeding of the composition of the payable of the composition of the composition

lost Brussels, both discovering documents are available for inspection at the MIDLAND Net LIMITED at the above address up to and including 23rd November 1982: Staters and Regulations of the Company in French, Report and Accounts of the Company for the two years ended 31st December 1981.

The full prodectus relating to the issue in French, limited by the company in the two years of the company in the two years of the december 1981. The full prodectus relating to the issue in French, lies of a shorter statement in English guiling particulars with regard to the we may be obtained from any of the above-mentioned Sanis.

NIPPON MEAT PACKERS,
INC. (CDRs)

The undersigned announces that as from 15th Movember 1992 at KasALDZ(13tic N.V. in Amsterdam and at Kred(thank S. Luxembourgeoise in Luxembourg die Co no 9 laccompanied by an Amdavitt-1 of the control of the co NIPPON MEAT PACKERS.

LINREAD LIMITED

NOTICE IS HERBEY GIVEN that the Share Transfer Books of the Company will be closed from Weenesday 17th November to Tuesday 7th December 1082, hoth 5ales inclusive for the preparation of dividend warrants.

By Order of the Board, MORRIS, Company Secretary.

#### **PUBLIC-NOTICES**

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#### THE WEEK IN THE COURTS

# Courts and the question of bias

IT NEVER seemed very sensible that Mr Ronald Smith, having persuaded the Court of Appeal (by a majority) that the coroner for the eastern district of West Yorkshire was bound after all Yorkshire was bound after an to conduct an inquest on the death in June 1980 at Jeddah, Saudi Arabia, of his daughter Helen Smith, should have gone back to court to ask that the coroner. Mr Philip Gill be ordered to stand down in favour of a deputy coroner to conduct the inquest due to start favour of a deputy coroner to conduct the inquest due to start next week. For the last three months Mr Gill has assiduously ensured that witnesses from all over the world should come to Leeds to give their evidence in a controversial case of violent death. But Mr Smith unwisely advanced a number of reasons why he thought Mr Gill would be biased in favour of the official view that Helen Smith fell to her death accidentally during a party held by a British couple at their home in Jeddah. If Mr Justice Webster was able last Friday to conclude without much doubt that no reasonable man mount of the official would be biased, it did provue use juage with the constraint of province the stranger. "I Mr Gill would be blased, it did provide the judge with an opportunity of reviewing the law's attitude to the question of suspected bias. His judgment is a helpful guide to those who seek to challenge the propriety of a court sitting whenever there is a suspicion that justice may not be seen to be done. It is a problem cropping up with increasing frequency, so a clear statement of the law is welcome."

On one matter the law is plain. The question is not whether in fact the judge was biased. Courts are not able to inquire into that matter, but

a recognised court of law or a body of persons acting in a similar capacity, public policy demands that, in order that there should be no whisper of suspicion that justice is not being administered impartially, nobody sitting in the judgment seat should be suspected of bias. But how far do the courts to be in upholding that principle?

No doubt all judges, like Caesar's wife, should be above suspicion. But it would be above suspicion. But it would be sit.

Teasonable steps to inform himbine to produce that degree of the treat laketing latts. The bine to produce that degree of reasonable steps to inform himbine to produce that degree of the treat lakets. The bine to produce free that the reasonable steps to inform himbine to produce that degree of reasonable steps to inform himbine to produce that degree of reasonable steps to include a likelihood test of the court's own suppress the influences of conscious prejudices and biases.

But how far do the court's go but occasionally the nuance of in upholding that principle?

No doubt all judges, like caesar's wife, should be above suspicion. But it would be sit.

No dolbt all judges, like man's view might tip the scales in favour of the judge declining suspicion. But it would be above in favour of the judge declining that only people who cannot be suspected of improper motives were qualified to discharge judicial functions. It cannot be judicial functions. It cannot be the suspicions of fools or other that the law would give way to the suspicions of fools or other capricious or intreasonable people. Hence the law plumps for the test of the reasonable man. If the court is satisfied on the evidence before it that there was objectively no reasonable likelihood of bias, but is never was objectively no reasonable likelihood of bias, but is never likelihood of bias likelihood of bi

an opportunity of reviewing the law's attitude to the question of suspected bias. His judge ment is a helpful guide to those who seek to challenge the propriety of a court sitting whenever there is a suspicion that justice may not be seen to be done. It is a problem cropping up with increasing frequency, so a clear statement of the law is welcome.\*

On one matter the law is plain. The question is not whether in fact the judge was biased. Courts are not able to inquire into that matter, but More recently, however, they can inquire into whether in the feature of justice, whether it is a reasonable man who had taken entrusts to them when appoints.

The fact is that the judicial susquence that he believes he wig and gown does change the wig and gown does change the wig and gown does change the first that it pudicial suspicion. The judges are capable of laying aside their suspicion that Mr Ronald to the law is whow that there was a real likelity in the state of the law is probability of bias to be inferred from the circumstances, but not whether in fact the judge was biased. Courts are not able to inquire into that matter, but they can inquire into whether beautiful of the public at large. The fact is that the judicial suspicion that the pleaves he wig and gown does change the wig and gown does change the more and women within them. On the judges are capable of laying aside their discharging their judicial function. The fact that they probable is not subconsciously biased them this subtle. Suspicion that Mr Ronald the of laying aside their discharging their judicial function. The fact that they judges are capable of laying aside their discharging their judicial function. The fact that they per the official function of a court in the probability of bias to be inferred has uniquely, are able to a combination of an eleve the believes he will give and gown does change the middle subtlement of the law is probable to them. The fact the pudlical function. The fact that the judicial function. The fact the pudlical function

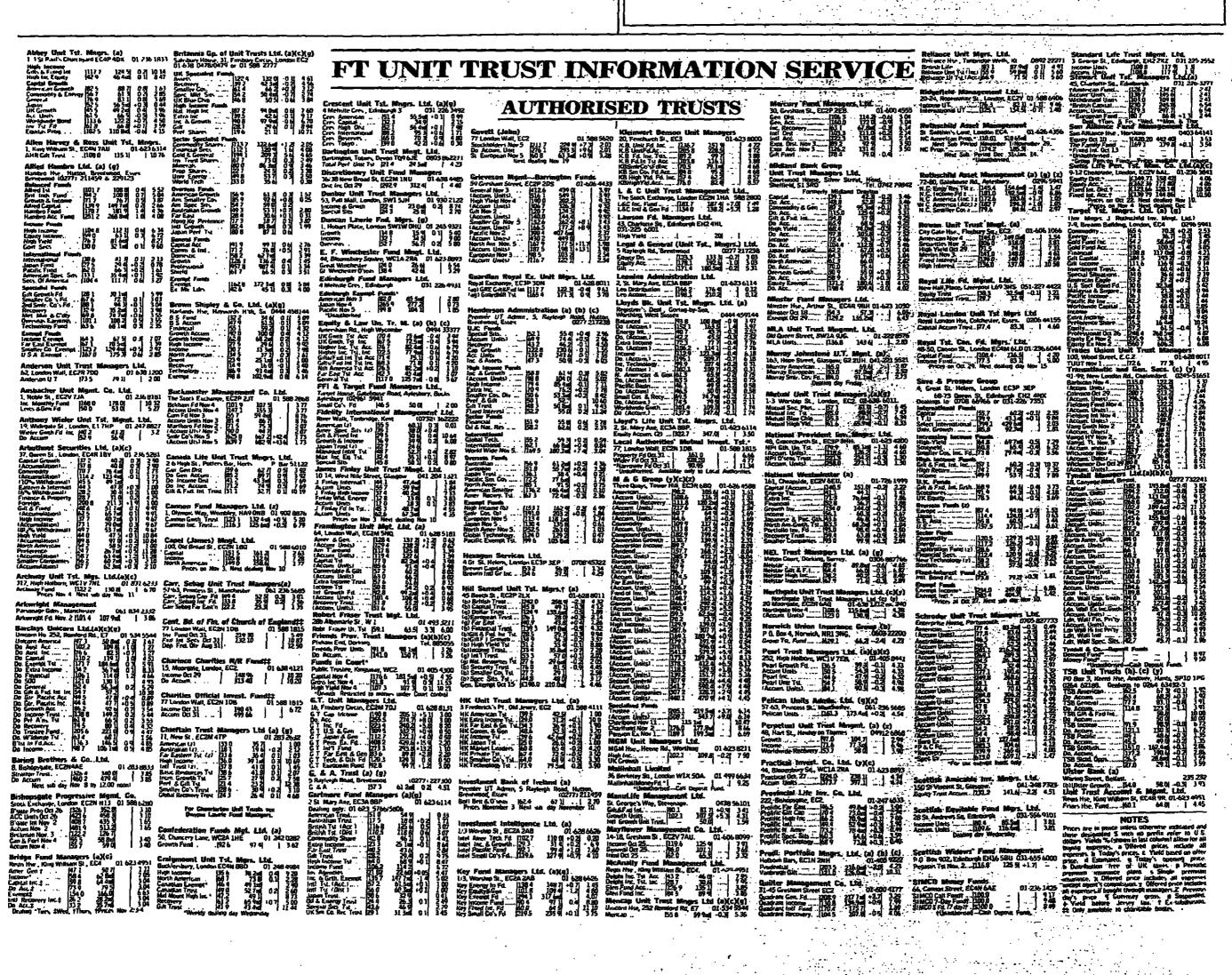
feelings as the rest of us. It is when judges have some ground for believing that such unconscious feelings may operate in the final judgment that may lead others, not unfairly, to believe that they are operating, that judges should acknowledge the fact, and stand down. The reasons for such a self-denying

reasons for such a self-denying ordinance is that the administration of justice should reasonably appear to be disinterested as well as he so in fact.

When the inquest on Heien Smith opens in Leeds next week it would be well for the purity of justice that Mr Gill asks himself whether there may be any unconscious feelings that might tend to colour his judgment. Mr Justice Webster has given him the green light to conduct the inquest. Mr Gill's personal public assurance that he believes he quest. Mr. Gill's personal public assurance that he believes he is not subconsciously biased would lay to rest any lingering suspicion that Mr. Ronald Smith might, even unreasonably, harbour. Those who beg leave to doubt whether a coroner has the training and respect that is accorded instinctively to High Court judges should press the Home Secre-

#### International **Capital Markets**

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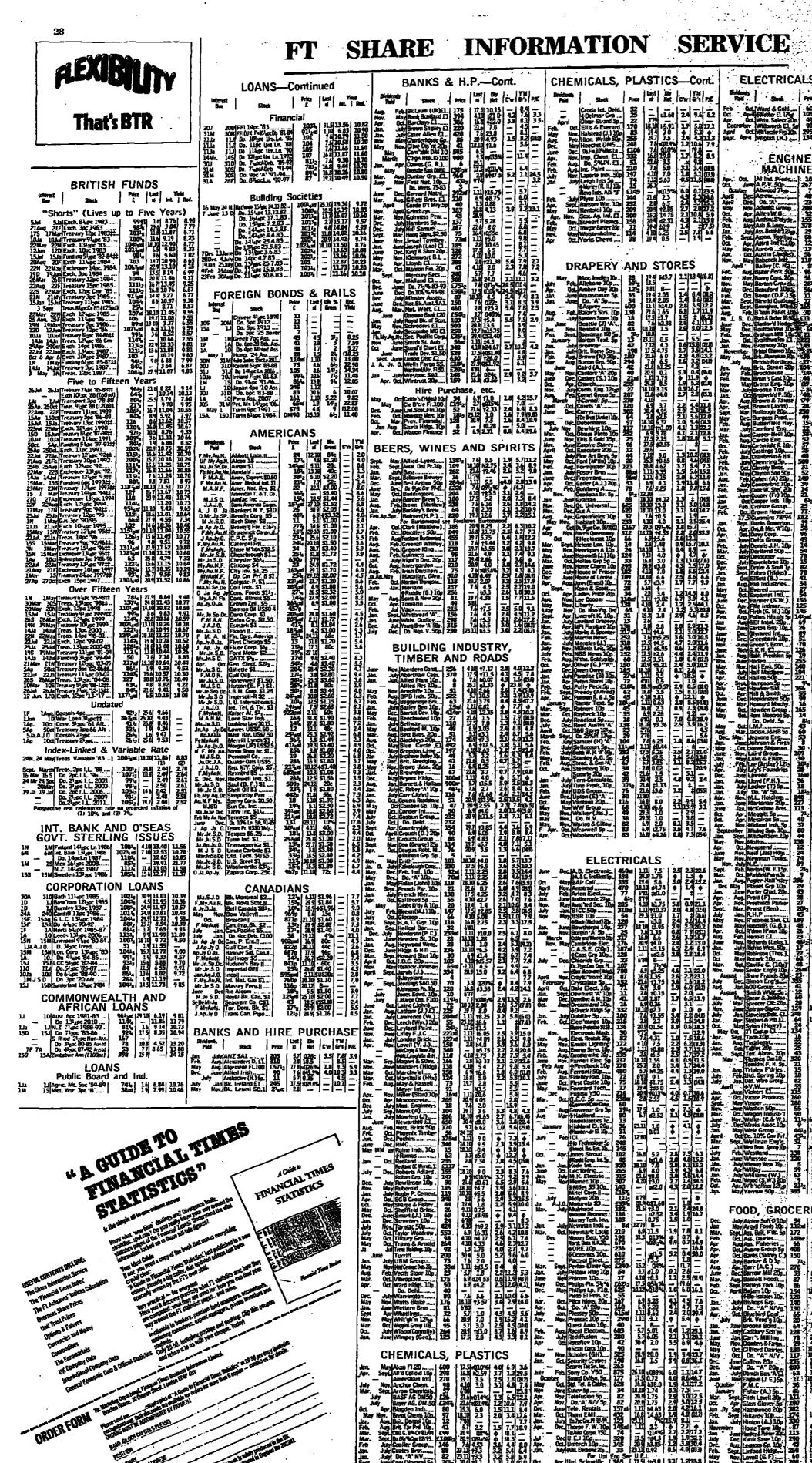
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Companies and Markets

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# WORLD STOCK MARKETS

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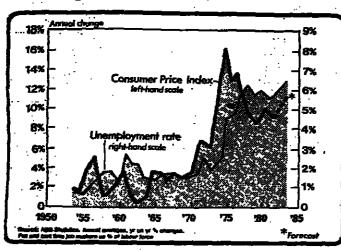
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4.98 3.12 1998... 1,98 4,32 8,45 6,50 3,54 **Indices** AUSTRIA-SOUTH AFRICA **NEW YORK** DOW JONES Nov. 5 Nov. Nov. Nov. Nov. Oct 4 3 2 1 29 High Low High Low 222 . 205 204 . 174 301 . 268 124 . 57 178 . 140 210 . 165 Credit'stalt Pfd\_ Laenderbank Pfd Peri mooser ...... Semperit ..... Steyr Daimier ..... Veitscher Mag ... 210 186 271 180 141 168 AUSTRALIA Ali Ord. (1/1/80) Metal & Minis. (1:1/80) eindustr'is 1961,78 1950,22 1985,48 1922,88 1995,78931,72 1 885,49 776,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975,32 1975 1065.49 41.22 (8/11/82) (2/7/82) SWEDEN AUSTRIA Credit Aktien (2/1/82) Price Krono 47.33 (28/10) Nov. 5 BELGIUM/LUXEMBOURG 88,42 (28/1) 203 252 250 530 925 526 526 343 100 180 148 142 530 153 168 168 169 615 GERMANY 98,550 149,559 187,010104,770 78,530 74.830 en SE (1/1/78) 118.38 118.35 117.74 117.17 129.22 (25/2) 108,51 (13/9) Day's high 1061.17 low 1040.55 Low

1.010 ARBED
3.900 Bank Int A Lux...
1,450 Bekaart B.
1,450 Bekaart B.
1,450 Concertil
2,495 Delhaize
1,560 EBEB
3.940 Electrobel
2,000 Fabrique Nat ...
1,200 GBL (Brux ).
1,490 Gevaert
1,200 GBL (Brux ).
1,290 Gevaert
1,290 Revaert
1,298 Intercom
5,880 Kredietbank
5,980 Kredietbank
5,980 Kredietbank
5,980 Royale Beige
4,290 Petrofina
4,300 Royale Beige
1,650 Soc. Gen. Bang
1,650 Soc. Gen. Bang
1,650 Soc. Gen. Beige
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1,600 UGB : Oct. 29 Oct. 22 Oct. 15 Year ago (Approx 5,50 5,49 5,49 6,46 Price Dm 1,174 3,950 2,285 1,645 1,645 1,445 1,445 1,490 1,490 1,490 1,490 1,490 1,490 1,490 1,490 1,490 2,215 1,304 3,720 2,850 2,850 2,850 3,800 110 Essete (Fres)
120 Fagersh
21 Fortis (Fres)
29 Stooch Dom
181 Sand-Skarnis
180 Sandvik 8 (Fres)
440 Standis
185 Stan Fanklida
87 SKF 8.
255 St. Kopparberg
95 Sven Handelson
100 Swedish Match.
129 Volvo B (Fres) Since Cmpil't 217 357 165 190 241 615 260 143 354 157 138 240 High Low 150,69 158,58 151,12 149,08 150,50 114,09 150,95 3,52 (511) (12/8) (28/11/89 (58/15/8) (511) (12/8) (28/11/89 (58/15/8) (511) (12/8) (28/11/89 (58/15/8) (511) (12/8) (5/11/82 (1/6/82) Złndust'ia ... 158.85 158.42 HONG KONG Hang Song Bank (51/7/84 859.52 851,52 884,55 822.54 1445.82 (12/1) 756,76 (28/10) Financial Rand US\$0.75} No.v & | Oct. 27 Oct. 20 Year ago (approx (Discount of 121% IGA Comm (tal.(1972) | 164.54 166.58 | 155,87 164,88 | 212.65 (19/8) 147.23 (22/7) 4.47 4.72 5.18 10.51 9.89 10.2 Indust'i P/E ratio 8.51 10.18 10.66 10.52 SWITZERLAND Long Gov. Band yield 13.60 SPAIN 117.01 118.96 118.15 718.17 150.55 (28/1) 109,12 (1/1) Rises and Falls Nov. 5 Nov. 4 Nov. 515 1,095 1,390 1,095 1,880 2,440 448 3,550 56,250 High SINGAPORE Straits Times (1986) 1,967 1 1,025 604 348 256 121 366 362 324 337 367 395 180 58.5 59 104.5 2,009 1,982 916 1,524 818 239 274 219 577 536 557.07 (16/8) 257 253 209 224 235 298 109 56.5 44.7 68.2 High Low SOUTH AFRICA Gold (1868) DENMARK 555.5 (8/7) 607.5 (29/6) 59.80 (12/8) 194,5 47,5 60,0 516,5 76,6 136,9 510,2 212 720 81,83 81,59 82,05 79,12 82,05 197 69.7 69.5 320 62.0 197 163 ndustrial (1966) Krupp ..... 577 SPAIN Madrid SE (88/12/81) 129 480 148 408.4 145 145.2 646 451 113.2 Andelsbanken. 300 Beltica Stand ... 125 Copilandelsban 306 D. Sukkerfab... 125.4 Bask Bank... 75.4 East Asiatic ... MONTREAL High Low 565.52 (29 4) 314 272 750 208 168,9 202,8 202,3 202,3 185 154,5 129 153,4 SWITZERLAND Swise Bank Cpn.(51/12/68) 288.49 282.8 284.5 288.7 288.5 (4/1) 207,0 (17/8) TORONTO Composite 1982.20; 1882.7-1887.5 -1834.1 - 1996.5 (4/1) 1352,2 (7/7) 255 561 193 1,295 150,2 272 616,2 145 NEW YORK ACTIVE STOCKS 110.4 (12/0) Bene values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50, Standard and Poors—40; and Tomosto—1,000; the lest named based on 1578. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. C Closed. of Unavailable. Stocks Closing on traded price day 1.635.800 15 - \(^1\) ... 1,219.400 30½xd -1 ... 1,219.400 10½ + 1½ ... 1,186.200 10½ + 1½ ... 1,186.200 31½ + 1½ ... 1,090.800 31½ + 1½

Australia's reputation as a major world mineral supplier is already secure, but the country faces pressures to restructure its economy. Above all, the main challenge confronting the country is one of vision and leadership



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Editorial production of this survey was by Mike Wiitshire; design by Philip Hunt.

# Mounting concern over the economy

BY MICHAEL THOMPSON-NOEL

THE DIE is now cast for the Australian coalition Liberal-National Party Government, which in the past 24 hours will have placed under a microscope the results of Saturday's crucial state election in South

Until Saturday, the South Australian State Liberal Government of Dr David Tonkin held an overall twoseat majority, and was vulnerable to a modest swing to Mr John Bannon's Labor Party opposition.

The certainty of hard times to come was also the staple ingre-

will soldier on, in the hope that the current parliament runs its course, until next October.

tial-its vast mineral and energy

wealth being complemented by relative political stability and

Until recently, it was thought likely that Australia was on the brink of a resources investment

boom that would dwart the one experienced in the early 1970s, and confirm Australia—already secure in its position as one of the world's premier mineral-producing countries—as the engine of its region: the lucky country, indeed.

More recently, enthusiasm has

fiercely-defended

ຸດໃ 15m. Austra-

With unemployment at 8.5 budget that strove to be all per cent—the highest among mainland—finistralian states—and a fracile manufacturing base, fleefely issue in the South diaims that its figures were "rigged" to court electoral appeal, and whose basic assumpbudget that strove to be all things to all men, but whose vote-getting potential has since been swamped by opposition triaims that its figures were "rigged" to court electoral appeal, and whose basic assumptions are in any case in doubt.

Thus Saturday's election was seen as a limus test for a possible snep federal poli, given that the deadline for calling a December federal dient feeding speculation of an early election, though such an option was opposed by rank-and-file Liberals, the likelihood now being that the government ection, is tomorrow. For all his talents as a

strategist, Mr Fraser would be going to the polls. For the past aline weeks, the Government has been buffeted by damaging disclosures on the growth of tax avoidance in Australia, which have unearthed corruption in high places and left the government disoriented and dismayed. Yet as a political issue, the tax avoidance scandal has in turn been overshadowed by the performance of the economy, which has given the Labour Party Opposition carte blanche to attack the Government's record on economic management, employment and industrial restructuring let alone the overhaul of industrial

economy would get worse before it got better was at the root of

lessened the urgency for developing alternative energy resources, and partly by problems the available evidence, scope that have resurfaced in the domestic economy in the past remains severely constrained. 24 months, notably rising wage and price inflation, and a deteriorating external balance. The drought at present affecting the eastern Australian states will have both a short- and a long-term impact on the economy. In the short-term, the economy. In the short-term, the to handle a major resources boom without prompting inter-nal dislocation and social strife. The potential is still there. The coal and the iron ore, the The coal and the iron ore, the copper and gold and bauxite in 1981-82 to as little as A\$1.6bn, a decline of 60 per cent.

The drought has depressed sales of farm machinery, and hit rural businesses and commingortant food producer, and of strengthening and revitalising its industrial base.

Australia was late entering the recession and will be late leaving it, with the result that

leaving it, with the result that significant improvement in the Australian economy is unlikely

before 1983-84. four-year low, while the continuing slump in world commodity prices has seen major mining companies abandon or defer more than A\$2bn (£1.1bn) worth of new protect spending worth of new project spending. (On the other hand, recent esti-mates put the level of likely re-Australia over the next eight years at more than A\$32bn).

Inflation is at 12.3 per cent and rising: unemployment is 7.4 per cent—and rising, as drama-tised by the recent invasion of Parliament House, Canberra, by a group of recently-sacked steel and coal workers from New South Wales. The Australian dollar is at around 93.65 U.S. cents—and wavering, which aggravating cost pressures on U.S. cents—and wavering, which is aggravating cost pressures on a broad front.

Retail sales and construction

starts are static, and because of drought and the nature of overhaul of industrial engine of its region: the lucky mineral contracts, the country's next June, and that working a boom."

export growth in 1982-83 may hours would be increased by However, he added: "Whatnomy would get worse before been tempered, partly by the fall in real terms and a third a week. Sir Arvi Parbo, chairor better was at the root of depth of the world recession successive annual decline, man of Western Mining, said very substantial resource

Government's electioneer- and the downward pressure on limport growth will be conbudget of Angust 17—a crude oil prices, which has tained but a further substan-

gross value of farm production in 1982-83 is expected to fall by about 12 per cent, to A\$10.9bn, while total net farm income could fall from A\$4.1bn

golden tomorrows through mineral riches has been submerged for now by worries over short- and medium-term prospects

stocks are reduced by 25 to 30 per cent, herd recovery could take five to six years for beef cattle, and three to four for

has not been assuaged by the damaging controversy over the federal budget of August 17, which the Labour party claims was "rigged" to smooth the way for a possible snap election. Over and above such immediate concerns is the vivid realisa-tion that the most damaging element of the cost problem confronting Australian industry and exporters is wage inflation, and union bloodymindedness.

Receptly, announcing that salaries of senior management and staff would be frozen until a drive in Australia for shorter working hours.

"This is a recipe for economic self-destruction," he said. "It is critical to the future of us all that economic sanity restored."

The latest signs are that wage inflation is abating as unemployment rises, but there is—or at any rate there should be—an important subsidiary debate of how best to use the country's reservoir of talented labour.

Sir Mark Oliphant, the Austra lian physicist, said recently that a large and growing part of Australia's GNP was spent on unemployment benefits and pensions for people still able and willing to work—"this at a time when so much remains to be done in the underdeveloped country.

for

Projects he had in mind included roads, railways, airfields, pipelines, power grids and stillexploration

Yet, for Australia and her economy, the fundamental out-look still looks good. In London, in June Mr Doug Anthony, the Deputy Prime Minister and Leader of the Australian Leader of the Australian National Party, admitted that there was a re-assessment and rescheduling of resource projects underway, leading some commentators in Australia to herald the end of the so-called

resource boom.
"I say 'so-called' because the term was built on a catalogue of new investment projects which was published to provide an indicative list of proposals. These were at various stages of commitment. Some were under way or likely to proceed in the future. Some were mutally exclusive. I suppose it was inevitable that people could not resist the temptation to add up the figures and call the result

called, the fact remains that very substantial resource development is under way in



Minister Malcolm Prime Fraser-will be take a gamble soon and go to the polls?

rently include three new aluminium smelters, 14 coal mines, a major offshore natural gas project and a major on-shore liquid fuels project, while oil exploration is at a record

In many ways, Australia is at a cross-roads, it has the potential to become a major middle-power, and to transform its economy in to the most dynamic in its region. The alternative is for Australia to view itself, and be viewed by others, as a continent-wide

"The boundaries between the states were not drawn by nature but by people," says Sir Mark Oliphant. "We have man-aged to agree that the ultimate decisions in matters of law rests with the High Court. But we are unable to agree on a national anthem, or what is football.

Donald Horne, the Australian writer, observed almost 20 years ago that "Australia merits sympathy for providing an encyclopaedic study of the main dilemmas of the mid-century," and regretted that there were "few new men' gathered together in the precincts of power to visualise the images of the nation so that thanges of the nation so that change may become possible."

It is a verdict that needs little updating. The main challenge confronting Australia is not the current ills in the economy, or the latest episode of political scandal, but one of vision and leadership.

CONTINUED ON PAGE IN



# The Western Pacific. A new bridge.

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The Government declares itself committed to maintaining an antiinflationary stance while courting electoral popularity with a wide range of inducements.

It was the highest for five years and almost back to the level of December 1975, soon The stock market, already

depressed by talk of an early Federal election, plunged 10.3 points. The Federal Treasurer, Mr John Howard, described the sharp jump in inflation as "very disturbing." The Labour Opposition emitted renewed howls of protest and economists and business leaders agreed that a current inflation rate of 12.3 per cent was among the

worst scenarios" predicted. The reason for the despondency was that efforts to reduce inflation have formed the very cornerstone of the Govern-ment's economic strategy, its professed ambition being to steer Australia back on to a course of non-inflationary growth which would help to maximise benefits from an eventual improvement in world trade and help to pave the way for adjustments in the economy needed to handle a strong

# consternation and depression. That was the general reaction to the news late in October that in the three months to September the Australian consumer price index had risen by 3.5 per cent, boosting the rate of inflation for the year to September to 12.3 per cent. It was the highest for five

after the ruling Liberal. The most depressing feature National Party Government of the higher inflation rate was that it demonstrated that Australia was moving on an opposite tack to that of its main trading partners.

It also refocused attention on the Government's controver-stal Budget of just two months previously — controversual because of allegations that it was "rigged" to pave the way for an autumn election had the Government so wished.

Approaching the Budget, the Approaching the Budger, the Government's options were clearly limited. Abroad, commodity prices were severely depressed. At home, Australia was facing its first real reduction in GDP in 30 years. Unemployment was rising and company profits falling.

There was a strong upward pressure on wages. Initation was proving difficult to contain.

the currency was weak, and the balance of trade was deteriorat-

expansion of the resources declared itself committed to maintaining an anti-inflationary stance while courting electoral popularity with a wide range of inducements, a compromise described by commentators as akin to putting the economy on

#### The economy

The Budget offered personal tax cuts worth A\$1.7bn (£944m) a year, partly offset by consumer tax increases, a A\$726m housing package, a 15 per cent ing package, a 15 per cent increase in welfare spending, and a change of emphasis towards capital works expenditure, including a special road-building programme, aimed at boosting employment and costing about A\$2.5bn up to 1988-89.

ing. The Budget, said the Trea-In the event, the Government surer, reflected no change in

For 1982-83 the Government

would seek to contain the growth of M3 money supply to mine to 11 per cent (against an outcome of 11.3 per cent in 1981-82). Inflation, as measured by the CPI, was expected to increase by about 10.75 per cent. Growth in consumer spending than about 1.5 per cent (against 3.5 per cent in 1981-82).

there was unlikely to be any real growth in domestic non-farm production and business fixed investment, which had grown at record rates in recent ears, would probably decline a

Farm output would fall and unemployment rise, and with the prospect of some growth in world trade, said the Treasurer, it was likely there would be a modest improvement in export volumes while import volumes remained broadly unchanged. According to Hill Samuel Australia, it was a "wait and

#### **AUSTRALIAN NATIONAL ACCOUNTS** GROSS DOMESTIC PRODUCT AND NATIONAL EXPENDITURE

							oss domestie product ——— et at factor cost —				
	Gross national	Plus exports of					and	Gross	-	surplus — Financial	taxes
Period	expendi- ture	goods and services	goods and services		ess domestic p Non-farm	product — Total	ments ments	Trading ent Companies		enterprises etc	i, less subsidies
					ORIGI	NAL				<del></del>	
1978-79	103,444	16,515	17,889	6,475	95,595	102,070	55,415	11,805	- 22,639	123	12,088
1979-80	113,76 <del>4</del>	21,615	20,915	7,395	107,969	114, <del>464</del>	61,627	13,608	25,053	107	14,069
1980-81 1980-81:	133,594	22,214	24,753	7,135	123,920	131,055	71,392	16,243	27,008	237	16,175
Dec. qtr	36.444	5,707	6.090	3,225	32,836	36.061	18.457	4,862	8,686	60	3,996
March qtr	32,029	5,383	6,149	1,383	29,880	31,263	17,295	3,688	6,107	-74	4,099
June gtr	33.542	5,775	6,489	953	31,875	32,828	18,703	3,989	5,743	32	4,361
1981-82:	,	-,	<b>~,-</b>	•	,	,	,	4,000			-,
Sept. qtr	36,907	5,470	6,943	1,451	33,983	35,434	19,644	4.477	7,098	93	4,122
Dec. gtr	42,159	5,422	6,836	3,746	36,999	40.745	21,179	5,002	9,899	81	4,584
March qtr	36,803	5,750	7,271	1,365	33,917	35,282	20,321	3,286	6,776	100	4,799
				SE	ASONALLY	ADJUSTE	<u></u>				
1980-81:				-							
Dec. qtr	33.044	5,530	6,061	1,859	30,654	32,513	17,508	4,194	6,762	<b>5</b> 5	3,994
March qtr	33,790	5.472	6.142	1,655	31,465	33,120	18,121	4.154	6,749	65	4.031
June qtr	35,304	5,707	6,617	1,739	32,655	34,394	18,945	4,225	6,880	57	4,287
1981-82:									·		
Sept. qt	36,973	5.633	6,868	1,980	33,758	35,738	19,437	4,472	7,472	82	4,275
Dec. qtr	38,132	5,243	6,790	1,832	<b>34.753</b>	36,585	20,257	4,309	7,373	76	4,571
March qtr	38,776	5,841	7,263	1,817	35,537	37,354	21,177	3,725	7, <del>64</del> 3	90	4,719

Source: Government statistics.

#### AUSTRALIA'S BALANCE OF PAYMENTS

Period	Exports (fob)	Imports (fob)	Balance of trade	invisibles	Balance on current account	Government, capital	Trade credit of marketing	capital and Public nor monetary cuterprise borrowings	<b></b>	ng lienri Total	Net	Net officia monetary move- ments
1979-80	18,579	-15,828	2,751	-4,857	-2,107	-80	- 379	509	1.756	1,886	1,806	-301
1980-81	18,816	- 19,188	- 372	<b>-4.971</b>	-5,344	<b>-67</b> -	93	409	6.059	6,560	6.493	1,149
1981-82	19,180	22,450	-3,321	-5,759	· -9,080 ··	276		950	9,174	10,165	10,441	1,362
1980-81:				2			22					2,002
June	1,623	-1,759	-136	-456 ·	- 593	- 6	-16	67	652	709	. 704	111
981-82:							in just				. 102.	
July,	1,438	-1,896	-458	<b>-457</b>	-916	93	17	27	385	429	522	- 394
August	1 717	-1,811	- 28	-435	533	- 12	7 55	< 90	245	277	266	-267
September .	1,459	- I,756	<b> 297</b> ·	_ 475-	· -771	<u>-49</u>		62	222	339	290	-482
October	1.509	-1,977	-468 <sup></sup>	-501	- 969	6	. 38	62	702	801	295	-173
November .	1,506	-1.812	306	-428	734		34	29	551.	556	56 <b>3</b>	-173 -171
December .	1.421	-1.536	-115	-429	-544	310	28-	19	369	- 416	725	
January	1,522	-1,749	- 228	-491	-719	-42	29	28	297	354	312	181 -407
February	1.598	<b>- 1,881</b>	-284	-400	-684	71	62	18	574	654	726	
March	1,698	-2,124	-425	<b> 509</b>	- 934	·- 72	- 26	76	1.329	1.431	1,359	42 425
April	1.645	-1,919	-374	<b>559</b>	-833	- 34	-28	65 ·	2.008	2.046	2,611	1,178
·	1,811	-1,989	-178	- 552	<b>-730</b>	47	53		1,734	1,871		
nay	1,810	-2,001	-19I	-523	-713	-37	16	275	701	992	1,918 <b>9</b> 56	1,187 <b>242</b>
82-83:	2,544	_,,,,,				, ,		1-1	141	444	230	412
ију	1,946	<b>-2,021</b>	<b>– 75</b> `	-512	<b>-586</b>	89	-28	-14	364	350	439	-147

† Includes private capital movements, non-official monetary sector transactions and a balancing item. Source: Government statistics.

hope "Budget. Other observers said it was rather worse than that.

Among major concerns it was said that the Budget was sufficiently concerned with tacking inflation, and that there had though with official borrowings. inflation, and that there had been no attempt to reduce "big government" in Australia, pub-lic sector outlays, as a percent-

age of GDP, having risen yet again to a projected 39.3 per cent for 1982-83. The Budget deficit was fore-

The Budget deficit was fore-cast at A\$1.67bn, against an actual deficit, for 1981-82, of A\$549m. But it was only a matter of weeks before Budget calculations were already off-course, with predictions rife that the deficit for 1982-83 could wise to twice the level forecast. rise to twice the level forecast. Factors that have already

Factors that have already blown the Government's calculations astray include the Treasurer's admission that unemployment benefits this year could cost an extra A\$300m, the post-Budget cost of drought relief (around A\$350m), an expected shortfall in company tax revenues, and problems caused by delays in implementing retrospective legislation to win back sums lost through tax evasion and avoidance.

#### Unemployment

The rise in unemployment is The rise in unemployment is particularly worrying for the Government. In September the number of unemployed was 504,800, or 7.4 per cent of the workforce, with the total expected to rise to 750,000 in the New Year if allowance is made for those too discouraged by the recession to look for new tobs.

On the balance of payments front, it seems likely that Aus-tralia can continue to expect ns with its trade and In 1981-82 the main balance of payments factors were flat

needed to support the exchange rate and official overseas

economist of the Australia and New Zealand Bank said recently: The outlook is one for concern. The Australian economy has entered a con-tractionary, place

tractionary phase of the Cop.

"It was late entering the Cop.

recession and because of the It suggests an energetic purstrains created by wage inflation suit of the good life, which

With the goal of non-inflationary growth apparently as clusive as ever, most commen-tators believe that until Australia can develop better industrial relations, adjust its protective umbrella over uncompetitive industries, encourage techno-logical advance and stimulate higher productivity, economic progress will remain shiggish

and/or inflation prone.

"In the short to medium term," said Mr Maitland, summing up the most generally-held view of Australia's prospects, "improved industrial relations encounts of responsible wage. encompassing responsible wage policies, fewer strikes, and improved quality control and productivity, have a major part to play in lifting the economy.

"Indeed, given the relative lack of positive results from orthodox monetary and fiscal policies a new err in industrial." productivity, have a major part to play in lifting the economy:

Indeed, given the relative lack of positive results from orthodox monetary and fiscal policies, a new era in industrial relations may well be the most proportion to many well be the most productive relations may well be the most productive relations of the top 10.

Indeed, earlier this year, the ance, over the period, was exceeded only by that of New Zealand, which dropped 13 places, and Canada, which lost eight.

Above all, the study brought home to ordinary Australians the manner in which many of exceeding up on Anstralia, according to the study: "On CONTINUED CALLED CALLED

# Asian neighbours are catching up

THE POPULAR IMAGE of steadily.

Australian engiety and culture According to the control of public plents in the tree in bush and the great outdoors; average of playing and watching sport; those in of Lotto and the Melbaume are 10.

and pressures on the balance of autil recently, and for most payments it is likely to lag Australians was readily attainbehind the rest of the world in able thanks to the affluence to recovery."

#### Living standards

Last June, average weekly earnings of male employees were A\$353.80, or £197.54— against the A\$311.20 registered against the A\$311.20 registered in September last year. Yet only by the U.S., Canada, New unemployment, which now Zealand and Switzerland. It makes 7.4 per cent of the work top 9 per cent by early next to 1963. By 1970. Denton top 9 per cent by early next year, has cast a shadow. In September this year, the number of unemployed stood at 504,800, the first time it had breached 500,000 since the

According to AIDA: "A According to AIDA: "A generation ago, only four countries in the world had higher average living standards than those in Australia. Today, there are 10 countries which can boast higher living standards."

As its base year, AIDA took 1955, its proxy for international living standards gross national living standards: gross national living standards: gross national product per capita, in U.S. dollars, which it reckoned to be "still the single most useful synthetic indicator of living standards among nations."

Its conclusion was: "Although the average employed Australian has never before enloyed.

tralian has never before enjoyed such high living standards, they

are rising at a faster rate, on average, abroad." On the basis of AIDA's rankings, Australia's standard of living placed it in fifth spot again in 1963. By 1970, Den-mark, West Germany and the Netherlands had overtaken it, and by 1979 it had dropped out

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Westpac Banking Corporation

October 1982

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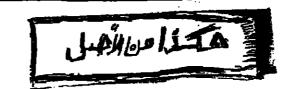
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Debate now rages as to whether a rush of Japanese funds was hot money attracted by high interest rates or longer-term investment

# Unexpected inflow of Japanese capital

#### Foreign investment

THREE MONTHS AGO the accepted wisdom in Australia's two main financial centres, Melbourne and Sydney, was that despite falling interest rates on both sides of the Atlantic there would be no relief from the record level of 17.5 per cent reached three

The Australian inflation rate, at 11.5 per cent well above the OECD average, and the urgent

of financial experts, both official and unofficial, rates have fallen substantially. On one day in October the official bond rate fell by a staggering 2.4 per cent, triggering a fall in bank overdratts and enabling Government Ministers who had feared the worst to talk glibly about the prospect of an early fall in mortgage rates.

The reason was a new and totally unexpected phenomenon in Australia—a substantial flow of capital investment from Japan. This was the major factor behind the large capital inflow of A\$2.74bn in the third quarter, of which more than two-thirds came in September alone. In consequence, Australia's balance of payments was in surplus at A\$ 379m, claimed supporter of the report, compared with last year's de-

ficit of A\$1.143bn.

Of the capital flow at least A\$1.5bn appears to be accounted for by Japanese investment in Australian Government-guaranteed securities. When most of it flooded into Australia, the Japanese were able to secure not far short of twice what they could obtain on blue chip investments in Japan, not allowing for the exchange rate risk.
A debate now rages as to whether these funds were hot money attracted by erstwhile

which also has its political and economic uncertainties following the sudden exit of Mr Suzuki as Prime Minister. Under threat of trade wors with Europe and the U.S., the Japanese are also auxious to restrain a balance of payments surplus by exporting capital.

It is unlikely to be hot money. Most of the A\$1.5bn was for two to four years. This is perhaps short-term by Japanese standards but certainly not by those of the Australian capital markets, where it would be regarded as medium term.

as medium term. as medium term.

It has also been attracted by a recent relaxation by the Federal Treasury of the rules on foreign Treasury of the rules on foreign horrowings by semi-government authorities such as power utilities. Some of the electricity commissions put on special "shorterm" two to three year issues for Japanese investors, with rates of 16.5 to 17 per cent.

According to Mr Bob White,

chief executive of Westpac general election, If Labour wins Banking Corporation, Austra- the foreign banks will be asked lia's largest banking group, "If you were a Japanese investor in

to stay away.
The fall in interest rates has

same six months of 1981.

you were a Japanese investor in Australian dollars you would not be taking a three-to-fourmonth view. You would be taking a three-to-four-year view. "The Japanese, conscious of their own scarcity of energy reserves, are still most impressed by Australia's resources and are optimistic about the medium-term future of the economy. We are still seen as a pretty stable place and still have tremendous reserves of energy."

The fall in interest rates has made surprisingly little impact on equity markets. They are to any significant degree to the large rises in the financial Times Index and the Dow Jones Index.

A major factor here is the depressed state of corporate profits. An Australian Financial Review survey of 153 major listed companies' profits in the financial year to June 30 showed an overall 2.85 per cent

#### Side-effects

need to secure a strong capital had two immediate side-effects: had two immediate side-effects: they have reduced the allure of the cash management trusts, which since their founding only two years ago have stroked to Falling interest rates have two years ago have sucked in more than A\$2bn of investors' money, and they have raised the probability that at least some of the recommendations of the Campbell Committee inquiry into the Australian finan-cial system will be implemented.

Just over a year ago the Campbell Committee urged sweeping changes in the Au-tralian financial system — de regulation of the banks, the abolition of interest and exchange rate controls, and the admission of a limited number of new foreign banks.. Since then, the report has been gathering dust on Canberra

shelves. has acted directly against its philosophy - for instance, in asking the reserve bank to release 1 per cent of the banks

The Treasurer also decided to keep the so-called 30-20 rule, which provided that life office and pension funds could earn tax concessions if they invested 30 per cent of their funds in Covernment securities of which Government securities, of which 20 per cent had to be Federal

money attracted by erstwhile high interest rates, or longer-term investment.

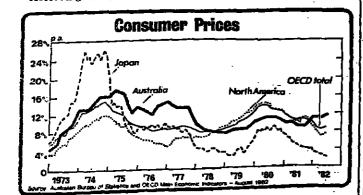
Viewpoint

Advocates of the former believe that when the Japanese understand the economic realities of Australia—not least the industrial bleodymindedness securities

ries of Australia—not least the which recommended a go-aneau industrial bloodymindedness, subject to a substantial Australiae political uncertainties, and the blight to exports caused by drought and the slump in minerals output—they will find another harbour for their funds. This debate probably ignores the facts of life in Japan, which also has its political and convertigations. A ton ILS executive of Citicorp.

The chairman of Mitsubishi Bank said the Japanese, were prepared to make concessions to gain entry to the Australian market. UK banks' also seem prepared to enter on a sharing basis.

Despite recent optimism that a decision is in the wind, it seems unlikely there will be an announcement before a



#### Living standards CONTINUED FROM PREYIOUS PAGE

current trends, GNP per capita in both Hong Kong and Singa-pore will exceed that of New Zealand in less than 10 years.
Using a different set of measurements, the study found that Australia had the third lowest growth rate in real GNP per capita, and the fifth lowest rate in real gross fixed capital formation, among the 23 OECD countries over the decade 1969-79.

Trade performance was also poor, said AIDA, the growth in Australian export volumes (3.56 per cent per annum) over the 1970s being the lowest recorded omong the major Western nations. Australia's record in terms of export values had also been well below the world average, with the result that its share of the value of world expers had fallen from 1.68 per cent to 1.19 per cent in the 10 years to 1980.

In absolute terms, age employed Australian has never had it so good. White the population grew by just under 60 per cent in the 25 years to 1979 (last New Year's Eve it was put at 15.05m), the real value of production rose by 70 per cent while real private consumption per head more than 140 per cent.

There is widespread home ownership, and 38 television sets to every 100 of the population, a level of set ownership exceeded only in the U.S., Canada and UK. Although information is patchy, a redistri-bution of wealth seems to be under way, with the 10 per cent of families with incomes immediately below the average dialely below highest relative gains over the five years to 1974, the latest for which data

Michael Thompson-Noel



John ing changes urged by the Campbell Committee's inquiry into the Australian financial system.

A major factor here is the depressed state of corporate profits. An Australian Financial Review survey of 153 major listed companies profits in the financial year to June 30 showed an overall 3.85 per cent ported losses, but, surprisingly, one-third managed to show healthy profit rises of 25 per

The survey, covering both industrial and mining companies, showed that the real trouble came in the second half have taken a knife to their of the year, when profits fell 11.5 per cent compared with the costs and there have been large-scale lay-offs.

the shape of much-improved investment allowances should speed progress towards industrial automation. The labour relations climate is much A more comprehensive study, A more comprehensive study, in that it covered 325 listed companies, in The Age newspaper, showed that although aggregate sales were up by 15.3 per cent, compared with inflation at 10.5 per cent for the financial year, profits fell 4.5 per cent. One in 10 companies reimproved, with the number of disputes falling sharply.

Colin Chapman

PROFILE: THE NEWLY-EMERGED WESTPAC BANKING CORPORATION

# Hopes rise for nation's biggest bank

of international banking

WESTPAC BANKING Cor-poration may not have eaught everyone's imagination as a rame, but the management of the newly emerged group see it as an honest description of its regional ambitions for the Western Pacific.

With assets of about A\$30bn it ranks as Australia's largest bank and 69th on world lists, and now has the confidence of a solid base from which to reach for a greater role in the inter-national sphere. Domestically, the addition

of the Commercial Bank of of the Commercial Bank of Australia's branches to the 1,200 of the Bank of New South Wales has given it a total of 1,760. It has also brought the scope for medium-term benefits from rationalisation and an improved geographic spread. For the moment it is incurring the costs of the merger, and these were a facmerger, and these were a fac-tor in the 8 per cent downturn in banking arm profits in-cluded in the 7 per cent growth in net earnings to A\$115.7m for the half year to March 31.

stamp duties and changing the signs on all those branches, are sure to impinge on second half earnings at a time of general pressure on banking margins. Moreover, its all important finance sub-sidiaries have witnessed great

The group is actively look-ing into areas of duplication and undertaking a reorganisa-tion of the branch banking structure to the regional approach successfully approach successfully pioneered by the ANZ Bank-

ing Group.

This will see the creation of regional sub branches offer-ing most full banking services, with the branches

offering a more simple con-sumer level deposit and with-drawal service along the lines of the increasingly competi-tive building societies and credit unions.

credit unions.

The strengthening of this domestic base is seen by Westpac as crucial to its overseas ambitions, where it will compete with the world leaders without the luxury of a U.S. dollar deposit base.

It has considered the option of buying into a U.S. bank—and a number have been offered to it — but believes the entry price is high, and the geographic conhigh, and the geographic confines of any potential targets argue in favour of its option for the wholesale banking

approach internationally.

Here it has branches in

Westpac has the confidence of a solid base on which to build a greater role in the sphere

London, New York, Chicago, San Francisco and Singapore —as well as representation in

Hong Kong, Tokyo and Honston—to allow it to tap into U.S. dollar markets.

Until now much of its financings from these sources

have been directed back to

Australian resources projects

and to trade finance although lately it has been taking an

increasing participation in Eurodollar syndications and in financings within the regions in which it is represented.

Such foreign operations, meanwhile, represent only about 10 per cent of total trading bank profits, which would point to about AS10m of an expected overall group total near AS250m this year.

However, Bob Whitle and However, both white and lan Matheson, chief and deputy chief general managers at Westpac, believe themselves fortunate in missing out on much of the international banking business in the 1970s, in light of the position of some of the position of some of the heavily borrowed developing and East European countries.

They see this as an advantage as they embark on their selective expansion. An equal advantage will be its conservation, which sees the total assets of \$30bu supported by shareholders' funds approaching A\$1.5bn, representing just on 5 per cent of the balance sheet total.

Meanwhile, the international debt problems bave created a better environment for margins. Westpac hopes to combine this with a selec-tive approach emphasising Australia's Asian trading partners where it sees great potential for economic growth.

It also has a China card, where it has had trade finance links since 1949 with the Bank of China, It recently opened a representative office in Peking, at the behest of the Chinese. the Chinese.

At home, however, it still awaits its first lead role for awalts its first lead fole for an Australian Government foreign debt issue. Canberra deals with Morgan Stanley on dollar debt, although the first chink of light for local groups came with the latest raising, when both Westpac and the ANZ made minor contribu-ANZ made minor contribu-

Westpac is encouraged and such a coup would surely mark the coming of age for a bank which officially is little more than one month

Lachlan Drummond



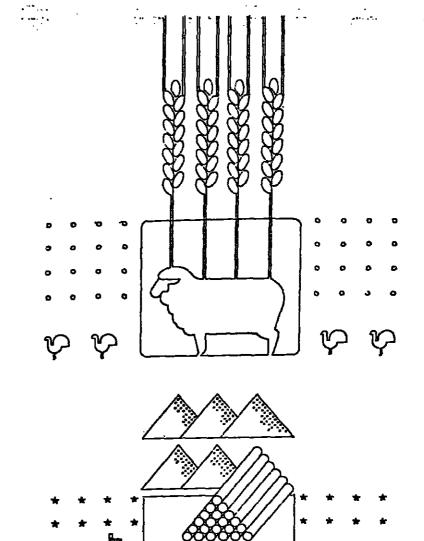
# The International Australian

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With an annual turnover of \$A4.3 billion per annum, and accounting for an incredible 11% of Australia's total exports, Elders IXL businesses include:

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- Merchant Banking Elders Finance.
- International Trading and Manufacturing in 19 countries -Paterson Elders, Elders International.
- Construction and Civil Engineering in Australia, Papua New Guinea, Malaysia and Fiji - Hornibrook.
- Coal Mining Hebden.
- Food Processing: Margarine and Oil, Frozen Food and Canned Pineapple.
- Steel Distribution, Malt and Hops Processing, Timber

With Worldwide operations from Brazil to China, London to Hobart, Hong Kong to South Africa, and employing more than 20,000 people in 19 countries, Elders IXL is positively THE INTERNATIONAL AUSTRALIAN.



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### Our home is Australia, our interests span the World

In 1923, the MIM Group of companies had its beginnings with the discovery of minerals at Mount Isa, 780km inland

from the Queensland coast.

Today, on this site, we operate
the world's largest silver, lead, zinc and
copper mine. People from 48 nations work in this huge enterprise with its 360km of underground openings, 130km of underground railway and an annual expenditure of \$50-\$70 million on capital works to maintain our lead in

technology.

In addition to the Mount Isa mine, we have a broad range of interests in mineral, coal and metal production. We operate a copper refinery at Townsville in Ouecnsland and a lead/ silver refinery at Northfleet in the

United Kingdom.
There is a 20.9% investment in ASARCO Incorporated, an international mining and mineral processing company active in the U.S.A., Canada, Peru, Mexico and Bolivia. Mining of nickel, copper, silver; zinc and iron ore is carried out in Western Australia, transporting and stevedoring in North Queensland,

exploration for oil and gas in Australia and for base metals, coal, iron ore, gold and uranium in Australia, New Zealand and Papua New Guinea. Currently we are involved in a \$1 billion development programme for the production of around 9 million tonnes of coal per year by 1985 . . . contracts for over 90% of this production have been signed. ng many with Japan.

MIM is an Australian company interests span the entire world



160 Aun Street, Brisbane. Queensland. 4000 Australia

petitiveness. On a similar note, it is readily acknowledged within Australia that the country is facing increasingly severe pressures to 1978-79 restructure its manufacturing base — the direction of indus-1989-81

trial policy towards import replacement having produced a

At a seminar in Camberra earlier this year, Mr Mark Ray-ner, managing director of Comalco, the Australian inte-

#### Export trade

grated aluminium producer, maintained that the Australian economy was at a critical point.
"It is difficult," said Mr Rayner, "to see how Australian economic performance in the 1980s will not be as lack-lustre and socially frustrating as it was in the 1970s. The problem is not one of economic copor-tunity, or of potential; it is simply one will."

The economy, he said, was becoming seriously less compe-

titive in relation to economies of those countries with whom Australia had to compete for investment and growth. "Reversing this trend requires an appreciation that success will not be achieved by short-term political solutions, beggar-my-neighbour industrial policies, inept management, or by excessive reliance on social

First, the trade picture. Australia is a major exporter of a wide range of mineral and energy products. In 1981-82, exports represented 15 per cent of Australian GDP. Australia is the world's top wool exporter, and among the top three or four for wheat beef and real, mutton and lamb, sugar,

Exports of agricultural products

and raw materials (\$m)

1412 + 448.2

13.4 91.7 5.8 75.2 7.5 63.9 17.1 118.3 21.5 7100.2 24.6 25.4

19.5 15.5 17.5 9.2 8.4 \* 62 A

157.0 110.6 71.8 52.2

Strenuous efforts needed to improve export performance

# Serious problems to be faced

208.4 334.2 260.2

26.8 21.3 20.6 15.1 25.7 22.7

2.199.1

182.8 236.4 175.3 116.9 139.1 118.4

82.3 129.8

p Provisional estimate.

1,712.6

1,729.5 1,587.0

87.5 88.4

AS A trading nation, Australia must live on its wits. Yet if it is to justify its advance billings as the "engine economy of the Pacific region," it knows that it must make strenuous efforts to improve its export performance and restore its price com-

broadly-based manufacturing sector which, though able to hold its own against imports, has little going for it in third

Part of the problem is that Australia's exports are still con-centrated in primary and lightly processed primary products, many of them highly vulnerable to cyclical depressions in world

February

1981-82p:

July ...

baurite, coal and iron ore.

However: whereas in 1949,
Anstralia ranked as the seventh
largest international trader, by
1981, it had slipped to 16th.

Australia's share of world
exports fell from 1.7 per cent in
1970 to 1.2 per cent in 1980.

Australia's biggest export
customer is Japan, which took
A\$5.4bn (£3bn) of Australia's
exports in 1981-82 (27.5 per cent
of the total), and the U.S.,
which took A\$2.2bn worth of
Australian goods in 1981-82 (11
per cent of the total). Yet over per cent of the total). Yet over the 1970s, Australia's overall market shares declined in Japan and the U.S., as well as the

Markets of growing impor-tance to Australia include Korea (A\$685m worth of Australian goods in 1981-82), China, Rus-sia, the Middle East and the Asean countries (Indonesia, Malaysia, the Philippines, Singa-pore and Thalland), though Australia's continued marked reliance on its top three export markets—Japan, the U.S. and New Zealand—can be shown like this: in 1974-75, their com-bined entake of Australian exbined katake of Australian ex-ports was 43.7 per cent but last year the intake was 43.8 per

Australia's manufactured exports improved their share of total exports from about 13 per

tion for featherbedding ineffi-clent industries is such that Mr John Hyde, the leader of the "dries" in the Federal Liberal Party, felt moved, in August, to proclaim that the August, cent in the early 1960s to about 25 per cent in the early 1970s, but then declined, and have remained static at around 20 per cent for the past decade. Exports of basic metal products grew most rapidly while those of chemicals and non-metallic economy was so littered with the graces and favours of past governments that it could not

or chemicals and non-negative mineral manufacturers also grew significantly.

While Australian mining exports grew five times faster than world mining exports over the 1970s, world exports of agricultural products grew five times factor.

tural products grew five times faster than Australia's.

Both on the trade and the industry fronts, there are serious problems with which Australia must grapple. Among them are: loss of price competitiveness; an urgent need to stimulate productivity; the growth in world protectionism; and Australia's damaged reputation as a reliable supplier.

In the view of many, Austation as a reliable supplier.

In the view of many, Australian price competitiveness has been compromised by high domestic labour costs, inappropriate exchange rate management high transport costs, and government policies affecting taxation, depreciation and stock valuation.

On the question of protec-tionism, it may be thought provocative of Fortress Australia to protest too loudly.

181.0 189.4 168.6 152.4 134.8 177.6 154.9 163.0 172.3 226.6 145.8 213.6 182.5 197.4 198.7 170.9 74.5 56.4 41.9

Ores & concentrates

967.7

1,076.4 1,117.0

1,353.9 1,958.5 1,964.6

coke and

1,532.6

167.8 161.1 156.0 236.7 199.5 242.2

Prime Minister, Mr Doug Anthony, who is also Minister for Trade and Resources, said in Camberra in June, when discussing the "virulent" disease of excessive protec-

"Australia itself is often protectionist," said Mr Anthony, "There's a pretty vigorous debate going on about our protection policy. But compared with the real 'pros' in the protection game we're in the protection game, we're rank amateurs. We've got the most open protection system in the world. Anyone, anywhere, can put submissions to the Industries Assistance Commission. We rely almost completely on the tariff, which is clear for all to see. Where we have quantitative restrictions —in cars and in textiles, clothing and footwear—they

clothing and footwean—they are on the record, and they are also decreasing in a planned way to allow greater import penetration with minimum distribution to employment.

We don't rely on the myriad devices that others do those so-called 'voluntary' non-tariff measures that keep imports out, or make it virtually impossible to sell. Something like half world trade is now affected by these devices. There's an ever-widening network of subsidies

and supports that are thoking world trade."

As for Australia's damaged reputation as a reliable supplier, there are clear signs—particu-larly from Tokyo—that Austra-lia must move fast to improve its industrial relations, mainly because of wage inflation, but also because of the incidence of

strikes. However, Mr Bryan Kelman, chief executive of CSR, the diversified Australian resources group, told a conference in Tokyo in late October that Australian strikes resulted in no more working days lost than those in many other countries. Yet there is broad agreement within Australia that the country must take firm steps to improved its trade relations, overall its manufacturing indus-try, and restructure its economy —easier said than done, but imperative, all the same.

Thompson-Noel

#### A decade of rapid growth

TEN years ago a small ground of young and confident mi took on the management of a old line jam maker. Toda; they coolly sit at the controls ( Australia's 15th largest con pany, Elders IXL.

By applying managemen techniques learned as a consult ant with McKinsey and Co, John Elliott, 40, and his team have parleyed themselves into a group which now eyes the world covetously and which plans to reward its shareholders with 25 per cent annual earnings

Behind it all lies Carlton and Behind it all lies Cariton and United Breweries—the largest Australian beer maker and long-time shareholder in the former Henry Jones (DKL)—and the conservatively-stated wealth of Australia's largest and premier pastoral house, Elder Smith Goldsbrough Mort.

Its existence also traces to Mr Robert Holmes A'Court's initial move on Elders almost 20 months ago, which spurred the defensive—and ultimately offen--strategy from C.U.B. and

After swiftly moving to form the newly merged operation into five operating groups—pastoral, international, finance, food and materials—and four staff divi-sions—strategy and planning, investment, administrative and the graces and favours of past corporate affairs and personnel governments that it could not function efficiently.

However, it pays to look at what the Australian Deputy Prime Minister. Mr Thomas

#### Expansion

A number of rural properties have already been hold, while the inclusion of the Australian Mercantile Land and Finance activities of Woodhall have activities of Woodhall have lifted its handling of the Australian wool clip from 35 per cent to a little over 50 per

cent.
While the Elders and AML and F rural agencies have retained their identities, the new management hopes to expand these services, many of

them financial.

It also sees the potential for computerised information on world markets to be spread to the man on the land and increased advisory data on husbandry. As well, Elders-AML and F intend using their combined buying strength to win better prices for a larger range of merchandise for the

nelled through to the finance division, which includes rural finance, merchant banking, con-

futures trading. However, Elders has already gone beyond mere commodity trading and with the addition of the Woodhall trading outlets will be pushing its role as a marketer of Australian produce.

as well as products from other areas, many of them in advanced technology.

Already it sells Mitel of Canada's PABX system throughout South East Asia from its Singapore base while it believes it must tackle the 'harder' trading nations if it is to win the necessary rewards. Back in Australia there is also jam, tinned and bottled food, margarine and frozen foods—"a good steady earner"—and the materials group—a mixed bag of steel stockholding, mait and hops, civil engineering and building materials, as well and building materials, as as its 20 per cent state in Bridge Oil and its ambitions for Michael cable and subscription televi-

# Profit margins tightening

the Australian retail scene for the past year.

Authough retail sales went ahead by 14.3 per cent for the year to June 30, to provide real growth of around 3 per cent, the jockeying to retain or in-crease market share saw mar-gins tighten and in some cases evanorate.

The level of real growth for the year compares with a 5 per cent rise for 1980-81, and was matched against rises in wages matched against traes, in wages closer to 7 per cent in real terms and steep increases in most utility charges — ahead of both the 11 per cent inflation rate and the growth in retail sales.

With these pressures the obvious answer for some was to seek the benefits of scale and to the interest areas through tie in to growth areas through acquisition, a well trodden path

#### Retail sector

which this year left its own The initial focus for these The initial focus for these efforts was Norman Ross, an innovative newcomer with discount electronics, electrical goods and furniture. The first to chance its arm was Grace Brothers, a venerable Sydney-based departmental store group, which by means its intentions absours their haceman entions obvious itself became the object of desire for three other retail groups.

other retail groups.

With its ambitious for Ross, Grace crossed swords with valtons Bond, controlled in recent years by Mr Alan Bond, the agile Perth entrepreneur who controls Bond Corporation. Waltons moved for Ross and at the same time secured almost. the same time secured almost 20 per cent of Grace, resulting in Grace selling its 57 per cent Ross holding to Waltons in a deal valued overall at A\$23m. At the same time Adelaide Steamship, controller of David Jones, another Sydney-based departmental store group, stepped in to take a similar controller of the store aleased the state of the store aleased the state of the state stake in Grace alongside the Grace family and a Malaysian friend," Tan Sri Khoo Teck

Phuat, owner of the Travelodge motel chain in Australia. Then in waded Woolworths with a A\$186m bid for Grace which was eagerly accepted by all players. Only Grace Bres. saw profits collapse in its final half year and Woolworths with-drew its offer. Its right to do so is to be challenged in the courts later this month. All ready stuff, but it did little to

INTENSE competition for a lift the overlying gloom for slower growing consumer dollar and a push for expansion through acquisition have marked the Australian retail scene for Typer cent in the alif year in the Australian retail scene for Typer cent in the laff year in the second to have earnings down Among these players Grace
Bros net earnings slumped by
77 per cent in the half year 12
June 30 to leave earnings down
by 25 per cent at A\$13.7m.
Despite a 12 per cent growth
in sales to A\$875m, Plans to soil and lease back property for A\$65m were disrupted leaving

it with burdensome debt.
David Jones, meanwhile, felt the benefits of an internal recovery after the installation: of new management from
Adelaide Steamship, although
some of the gloss from the 58
per cent jump in annual net
profits to A\$19m was taken by
a 23 per cent drop in the second

For Waltons there was a second half loss and a minimal overall retailing profit. Meanwhile, its ambitious property development plants may suffer from the problems of its 14.9 per cent shareholder, Carrian investments of Hong Kong. For Woolworths, profits were down by 10 per cent for its July

half year to A\$14.45m on sales up by 14.2 per cent to A\$1.4bn The Myer Emporium, mean-while, was liming itself up as a take-over candidate, were it not that it cannot sell its properties at a reasonable price and its assets are not returning profits. It suffered its first ever half-year loss of A\$6.3m in the period to Jame 30 to leave annual year loss of A50.3m in the period; to June 30 to leave annual earnings at 1970 levels of A\$18.9m. Sales were 19 per cent; higher at A\$1.71bn but its major problem was more than A\$250m of debt built up to expand operations into liquor retailing, fast food, specialist clothing and supermarkets. However, the Melbourne-

based departmental store group has recently raised A\$46m through the sale of an office block and its supermarket chain, some of the latter units going to the largest and consistently most profitable retailer, G. J. Coles. Coles managed an improve-

ment over the first half for its closing period to end with earnings 9 per cent up for the June 30 year at A\$70.2m. With sales at A\$45n and a clear 50 per cent advantage on its rival Woolworths, Coles continues to flourish on its mix of low price variety stores, the K-Mart discount chain, supermarkets and latterly a shoe store chain.

However, like its rivals, it is gearing up to a Christmas.
promotional push which all
hope will obliterate memories
of the 1981 season, the poverty
of which established the basis
for much of this year's wees. Lachlan Drummond

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CONSOLIDATED ASSETS AT 31 DECEMBER 1981 EXCEED US\$53 BILLION.



# Surprisingly sturdy sector

WHILE THE receivers have workers, and all major local donned overalls in a bid to production groups — GM-H, restart International Harvester ford, Mitsubishi, Nissan and Australia, the Australian motor Toyota—opting to extend the

end of the year will be far from easy, with demand rapidly softening, sales gains already made should ensure that the 1981 peak level of 606,000 units year.

is surpassed even if by less than
a percentage point,
The surprising sturdiness of
sales against the poor levels of consumer spending and the sharp declines in housing can almost be entirely attributed to interest rate movements.

While most other forms of finance have followed an upward spiral as Australia begins to follow world trends, motor industry finance rates have remained relatively unchanged. Buying a car has, therefore, been a more viable proposition than taking up a mortgage with bank and building society lend-ing tight and rates high.

#### Comparisons

However, the shine has come off the market recently with September sales down by 12.6 per cent on August on straight comparisons, and 5 per cent after seasonal adjustment. Some of this fall was attributable to of this fall was attributable to the rush of discounting offers in August when General Motor-Hoiden (GM-H) introduced a new medium car and other groups moved to maintain mar-ket share, part of it at least at the expense of sales for Sonthe expense of sales for Sep-

These efforts to spur sales through price-cutting came as the first signs of the potential the first signs of the potential problems of the softening market emerged. Producers' stocks have already reached 2.4 months of sales — or about A\$450m—compared with about 1.7 months a year ago.

But stocks remains below the 1979 downturn level when the

1979 downturn level when the figure approached 3.1 months, with resultant severe cuts in output in late 1979 and early 1980.

Production rates are being trimmed, with Australian Motor Industries, the Japanese Toyota affiliate recently Toyota affiliate, recently announcing plans to shed

industry is preparing to roll traditional three-week Christinto the pits at the end of a mas shut-down to four weeks, record run.

Although the last lap to the union pressure by keeping no lay-off guarantees until the end of the year, although the company stresses it could not make the same assurances for next

> It is pointed out within the industry that the latest year represents not a boom but steady growth, which is allied to the belief that there will be to the belief that there will be a recovery in the second half of next year after a slower period in the next eight months. But there has been a miniboom in the light commercial sector, particularly the fourwheel drive segment, where, because of lower tariffs and a lack of quotas, there has been a flood of small, low-priced and mainly Japanese vehicles. mainly Japanese vehicles.

While sales have generally been aimed at the recreational markets, the effects of the drought are expected to be felt

drought are expected to be felt in this sector.

Meanwhile Ford, with its highly successful Escort-sized Laser—a re-badged Mazda for Australia—is battling hard to win GM-H's title of overall market leader. So far Ford is ahead with 22.38 per cent of the market against 21.7 per cent for GM-H, although the latter's registrations are building up since its latest introduction. since its latest introduction. Meanwhile, International Har-

vester, afflicted by falling demand for trucks and a dead market for agricultural equipment, remains as a stark reminded of the inherent dangers of Australia's small and crowded a tomotive market. Its 23 competitors on trucks and 42 in tractors place it in a

special category; but as an essentially locally-sourced high-cost producer it is not alone. Elsewhere, Government export-import offset plans are seeing a greater emphasis on non-labour intensive items such as engine blocks and general automotive castings for export, with a subsequently increasing amount of job-intensive products such as gearboxes and complete cars being brought in

Moves to tap huge wealth of copper-gold-uranium-silver deposits.

# Roxby Downs: two words that sum it all up

Natural

resources

FOR MANY, the glamour and of Australia's vast, resources can be. Roxby Downs. It is at Roxby Downs, 460 kilometres northnorth-west of Adelaide, in South Australia, that Western Mining Corporation and BP Australia, are gearing up for construction of mining and pro-cessing facilities with which to tap the huge wealth of the Olympic Dam copper-gold-uranium-silver find, which ranks alongside the very largest mineral deposits in the world. According to current estimates, the deposit contains at least 2bn tonnes of mineralised matter. It will cost about A\$1.4bn (£777m) to develop (in 1981 dollars), and prospective annual production will be around 150,000 tonnes of copper, 3,000 tonnes of uranium

#### current money, at between A\$442m and A\$658m annually. Values -

Production is unlikely to start before 1989-90 at the earliest, but that hardly worries the partners, who give the mine a minimum life of 50 years, and say that: "Olympic Dam will be there for our grandchildren." Yet Olympic Dam is only one among scores of mineral and energy projects whose com-bined benefit, to the Australian balance of payments, between now and the end of the century year 2000. Although this will has been estimated as likely to necessitate major inflows of

oxide. 3,400 kg of gold, and 23,000 kg of silver-valued, in

colossal) reserves of coal, iron ore, bauxite, natural gas, lead, zinc, silver, nickel, mineral zinc, silver, nickel, mineral sands, tin, manganese, and so on—as well as opals, sapphires, and the huge Ashton diamond deposit, in Western Australia, which promises to rank as the world's biggest.
In 1961, Australia's mineral

Lachlan Drummond exports totalled A\$187m. Last year they were A\$7bn, account-

ing for about 37 per cent of total merchandise exports, with the certain promise of much

In Australia, there is bitterness and concern over the ex-tent to which the country has to date taken its vast minerals heritage for granted, and allowed euphoria — and greed — to jeopardise its position in world markets.

The main fear is wage infla-tion. Sir James McNeill, chairman of Broken Hill Proprietary (BHP), told a conference in Sydney on September 6 that inflationary wage claims were "facilitated by the so-called doctrine of comparative wage fustice," and added: "What a tragedy it will be if history is to record that the principal legacy of Australia's much-envied upsurge in mineral development was a substantial boost to economy-wide infla-

tralia's hitherto poor record of public sector infrastructural public sector infrastructural investment, and doubts over mineral taxation, together with problems that started to surface in the Australian economy last year-not only wage and price inflation but a deterioration in the external balance. Between them these have prompted serious questioning of Aus-tralia's ability to handle a major resources boom without inflicting upon itself serious internal dislocations.

In Australia, pessimists are two a penny. Outside the country, a generally shared view is that although the modity prices means that a stretching-out of earlier projec-tions is inevitable, the country will, nevertheless, still witness sustained high levels of resource investment past the amount to more than A\$100bn (£55.6bn), in 1980 prices.

In addition to copper, gold and uranium, Australia has significant (in some cases significant of the cases along) recently recently to the complex of the cases among numerous studies of the case among numerous studies of the c

Among numerous studies of likely investment levels in Australian resource projects over the next decade, one of the most authoritative is also the most recent: a long-term inves-tor's view compiled by Mr Ian Womer, head of the investment division of the Australian Mutual Provident Society, the country's largest life office and

considerable market pressure to

Banzite/Alumina .......

tron ore ......

Other oil and gas .......
Other metals/minerals .....

Coal liquefaction .....

Oil and gas pipelines ..... Electricity generation ...

tern Mining, Oakbridge, Howard Smith, Santos and Woodside Petrolcum. It also owned A\$157m worth of shares

in Broken Hill Proprietary, and A\$84m worth in the diversified

CSR.
Mr Worner's study indicated

that among resource projects lined up for the 1980s, 79, worth

A\$12.74bn, were definite; 39, worth A\$8.4bn, had a better-

than-75 per cent chance of get-ting under way before 1990, and

ting under way before 1990, and 42, worth A\$5.8bn, had a betterthan-50 per cent chance.

In addition, 29 infrastructural 
projects, such as power stations 
and oil and gas pipelines, worth 
A\$1.1bn, were at the definite 
stage, and an additional five, 
worth A\$5.2bn, had a betterthan-50 per cent chance of getting underway.

Adding together the resource

ting underway.

Oakbridge,

North-west shelf ...

Infrastructure:

get its sums right.
The value of the AMP's listed

ordinary shareholdings held in Australia at December 31, 1981, was A\$1.84bn, including A\$303m worth of shares in 29 major mining and oil com-amone them Compleo.

Given the magnitude of its AMP suggests that a total of own resource investments. 148 projects, worth AS32.3bn, which started on a big scale in the 1970s, the AMP is under greater-than-75 per cent chance greater-than-75 per cent chance of starting before 1990, while 46, worth A\$10.8bn, have a better than even money chance

of getting started While Austr While Australian share markets have reflected the

EXPECTED TOTAL INVESTMENT IN RESOURCE &

RESOURCE-RELATED PROJECTS, AUSTRALIA, TO 1990

(A\$m, 1981)

Capital

maining

(Sm)

12,744

728 9,630 692

11,050

23,794

relenting gloom," the euphoria and exuberance that character-

ised corporate and political atti-

tudes in recent years having encouraged both governments and workers to try to secure for

themselves a larger share of the resources cake before it had

even materialised.
"Costs," says the AMP, "have

been built into the system which, under present conditions,

cannot carry the burden," with the result that low commodity

greatly reduced mining and re-source profits, and driven some

wonder that numerous develop-ment and expansion plans have

been deferred, or even aban-

and infrastructural projects, the resource projects will reach new likely GDP in that year, against

investment

-Definite projects

associated with coal mining (especially steam alumina aluminium, and oil and gas proving the hungriest con-

sumers of capital.

Of the definite resource projects in hand, plus those with a better-than-15 per cent chance of starting before 1990, gloom in the international which the AMP calls "probable." economy since early 1981, it is the North West Shelf oil only in the past eight months gas project, off Western Austhat pessimism, in Australian CRA, EZ Industries, MIM Holdings, Peko-Wallsend, Renison Goldfields, Rio Tinto Zinc, Wes- by what the AMP calls "un- cent of the total (A\$21.09bn).

-Possible

projects

20

<u>-</u> 19

Other percentage divisions are

bauxite and alumina, 15.7 per cent; aluminium, 18 per cent;

coal, 30.8 per cent; oil and gas (other than the North West Shelf), 5.8 per cent; iron ore,

2.9 per cent, and other metals and minerals, 11.4 per cent.

ture fluctuated wildly in the

1970s, the peak years-for real

capital expenditure-being 1971

and 1979. Planned expenditure

torical levels, though it is likely

In 1981 dollars, the AMP expects investment in new mining

projects to rise from around A\$2.8bn this year to a peak of

Australian mining expendi-

(Sm)

3,531

5,783

150 4,900 —

5,050

10,833

(Sm)

100

demand, low prices, and high over the next three or four years domestic interest rates have will be substantially above his-

source profits, and driven some to begin to fall sharply from companies into the red. Little 1985.

Despite all that, committed about A\$3.6bn in 1984, repre-evestment in Australian senting around 2.5 per cent of

Australian coal producers are

likely to find that by the time the current investment wave remeet demand into the 1990s; similarly, with the huge North West Shelf project scheduled for completion by 1987, further major capital expenditure in oil and gas in the late 1980s will depend largely on new dis-

coveries.

The AMP says that the de-pressed world steel outlook seems to offer little incentive for major new iron ore developments, while the downturn in world aluminium sales has world aluminium sales has caused the deferment or abandonment of several bauxite, alumina and aluminium projects. (When Alcoa of Australia announced earlier this year that it was shelving its troubled AS1bn Portland aluminium smelier in Victoria—it was called a "temporary deferment, not an abandonment" ment, not an abandonment "one union official called the move a "bloody disgrace," though in truth, doubt had surrounded the project since 1978.)

#### Investment

"Two areas which might have given rise to substantial new capital investment in the latter part of this decade," says the AMP, "were uranium and shale oil. However, with some stability restored to world oil prices, new oil discoveries moderating demand for oil, and environmental concerns with uranium continuing, there is little likelihood of any major commitments being made in these areas until well into the

Expenditure in the construction and heavy engineering sectors is seen as representing about 25 per cent of total new project costs, and will be heavily weighted in the early

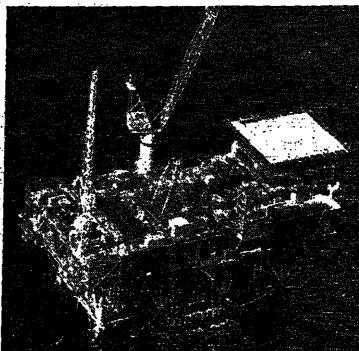
years.
The AMP says Australia also has an opportunity to develop up-stream processing facilities, provided production and trans-portation costs are not excessive. "Unfortunately," it says, "the demands of labour and governments, and our growing reputation as an unreliable supplier of goods, are likely to prevent us from realising our full potential."

> Michael Thompson-Noel

# A commitment to the future.







The Broken Hill Proprietary Company Limited, Australia's largest public company, has a commitment to Australia which cannot

That commitment calls for careful management in difficult times and critical evaluation of our investments. We have a debt equity ratio as low as 17%. Interest repayments are covered seven times over by profit earned. Annual sales exceeded A\$4.8 billion.

We are in good shape to weather the

hard times and continue as miners, oil and gas developers and steel makers and manufacturers; associated with projects like the \$11,000 million North West Shelf gas development and the \$1022 million OK Tedi copper and gold mine.

Here today, gone tomorrow? Not likely.



#### AUSTRALIA VI

Japan's long-term resources strategy has always been to avoid an over-reliance on any single supplier.

# Huge drop in purchases for Japanese industry

Ravaged by the international recession, the Japanese plan to reduce tonnages taken from all suppliers, but are clearly ask-ing Australia to bear the brunt of the cutbacks. The steel mills of the curpacks, The steer mins
plan to cut their total ore intake this year by 10 per cent,
but Australian producers have
been told that their tonnages
will be down by 25 per cent.

This situation has deepened an already growing bitterness between the two countries on trade in resources and not sur-

avoid over-reliance on any single supplier. Australia's peak position of supplying nearly 50 per cent of the Japanese ore market in the mid- and late-1970s only came about through a confluence of extraordinary

The imperatives were Japan's determination to become the world's biggest steel producer and Australia's ability to supply the required tonnages reliably

THE TRADITIONALLY close relationship between Australian aron ore miners and their major customer, the Japanese steel industry, is currently undergoing the most fundamental change in 20 years.

Having spent most of the 1960s and 1970s building up their ore imports from Australia, the Japanese are now setting about a drastic reduction in ore purchases from this country.

and at the lowest possible price.

It should not be forgotten that when the Australian iron every industry got its start in 1964, the Japanese gave the Goldsworthy partners their first contract mainly because their first contract and process group, CVRD.

The contract called for the spell of 145m tonnes of iron ore, the Japanese said they would not be forgotten awarded probably its biggest-ever resources contract to the Brazilian Government-controlled group, CVRD.

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The contract called for the spell of 145m tonnes of iron ore, the Japanese said they would not be forgotten awarded probably its biggest-ever resources contract to the Brazilian Government-controlled group, CVRD.

The contract mainly because their first contract mainly be

iron ore.

But the steel industry's rapid expansion increased the Japanese demand for iron ore and a few years later they awarded their second major export con-tract, this time to Hamersley,

#### Iron ore

This situation has deepened an already growing bitterness between the two countries on trade in resources and not surprisingly it is increasingly getting through to government level.

Yet in retrospect, it is not surprising that Australia should now find itself under pressure to reduce its share of the Japanese iron ore marker to about 40 per cent.

Japan's long-term resources strategy has always been to avoid over-reliance on any single supplier. Australia's peak position of supplying nearly 50 per cent of the Japanese ore market in the mid and late.

tracted for in more optimistic times, with a result that Austra-lian producers have been battl-ing to hold their shipments at more than 60 per cent of con-tracted tonnages for the past

two years.
To the support year that 60

Such a large contract should have banished any Australian thoughts of opening a new iron ore mine before 1990, as such a venture would clearly only exacerbate the over-supply situation

But some major groups are continuing to pressure the Japanese to allow the development of a new Australian mine, even though it has been generally acknowledged that it would ally acknowledged that it would not be needed until well into the next decade.

Four consortiums have plans for new mines, two of them being existing producers.

Four consortiums have plans for new mines, two of them being existing producers.

The competing new developers are CSR, with its Yandicoogina deposit; BHP with Deepdale, Goldsworthy, and Robe River with West Angelas.

The latter two projects could be viewed as replacements for Goldsworthy and Robe's existing operations—although this is something of a red herring—but BHP and CSR are digging totally new deposits.

Even the developments being pushed by CSR and BHP would affect the viability of the Mount Newman operation, in which they both have a share.

Solution Japan remained well below the infiation rate, Australian producers have received price increases of 7.5 per cent in the past three years.

But the price rises have also exposed another of the reasons why the Japanese are keen to enlarge their supply base—Australia's loss of competitive advantage.

Australia's argument that it secause its ore is cheaper has suffered markedly since 1979. At that time, an index of from ore prices with Australia at 100 saw Brazil at about 116, Canada at 125, Chile at 129 and South Africa at 111.

they both have a share.

A fifth possible venture, CRA-Hanwright's Marandoo deposit, has now basically been dropped because CRA believes it could

two years.

To the autrant year that 60 per cent figure looks like falling because CRA believes it could harm the viability of the Hamersley operation, which it controls.

Talk persists that the Japanese may move to nominate a new development before the end of this year, but Australia's major export rival, Brazil, has risen from about 19 per cent to nearly 25 per cent since 1976; and it is destined to grow further, as shown by a major contract awarded in 1981.

Japan could not have signalled its intentions more clearly to the Australian iron

has now tristally beten tropped because CRA believes it could harm the viability of the Hamersley operation, which it controls.

Talk persists that the Japanese may move to nominate a new development before the end of this year, but Australia's keenness in this area would be seem to be poor resources strategy. Despite Japanese pressure on Australia's share of its proposed in the price front in the past few major in the price front in the past few major clearly to the Australian iron

After a prolonged period

Mineral production

	exports
Commodity	Production % tomes Experted
Banxite	25.5 * 22
Biack coal	111.7 * 46
Copper	224.4 † 55
old	17.60 42
rou Ore	84.7 * 84
ead	393.1 + 87
fanganese	,
ore	1.409.4 + 64
(ineral	· · · · · · · · · · · · · · · · · · ·
sands	2. <del>0</del> 2 • 78
lickel	2.02 * 78 74.5 † 95± 12.15† 72
in	12.15+ 72
ima	E19 10: 4-

tonnes: # estimate.

when price rises for fron ore sold to Japan remained well below the inflation rate, Aus-

Africa at 111.

Following the latest price rise, and the acceptance of a smaller lift by most other producers, notably Brazil, the differential is much smaller. The latest index would put South African ore at about 101, Brazil at 108 Canada at 108 Brazil at 106, Canada at 108, and Chile at 116, against Australia's 100.

Australian producers can do little about the market situation but to compete on landed cost, though Australia's traditional political stability should limit any Japanese diversification moves, especially as most of their other main suppliers are unlikely to solve all their politi-cal problems in the short to

Bruce Jacques

Coal is still Australia's leading foreign exchange earner.

# Exports expected to treble by end of the century

Not surprisingly, much of the debate surrounding the industry in recent months has concerned the great physical problems of

lifting production quickly to these levels. These problems, as

strong higher figure a quadrupling.
If recessory to all ultimate size of this demand turns out to be disappointing, the Australian coal industry will still be operating in conditions of rapid expansion. ALTHOUGH under strong pressure from the world recession, the Australian export coal industry is in a rapid expansion

Coal was Australia's first major export item, and remains its leading foreign exchange earner, but no commodity could better illustrate the exaggerated "boom and bust" syndrome that has pervaded the country's resources development over the past few years,

As it transpired, too much was expected of the industry in the 1970s, when the 1973 and 1979 oil price shocks turned the focus away from traditional coking coal output to steam coal.

The world rush to turn back to coal as an energy source saw a plethora of new developments mooted, both in Queensland and New South Wales, and international investors queued to participate in the ensuing investment boom, The pace of these developments has now been heavily reduced with the world recession and oil glut combining to

though medium and long-term prospects remain suring.

Australia's "coal rush " of the late 1970s was spurred by the release of a major study of likely world coal demand by Prof Carroll Wilson, of the Massachusetts Institute of Massachusetts Institute of Technology. The study entitled WOCOL: Coal, Bridge to the Energy Future, was released when reaction to the 1979 Iranian oil shock was at its peak.

Forecasts contained in the study, which became required reading for coal investors, were broadly supported by groups like the OECD and the International Energy Agency.

WOCOL foresaw world

lemand allowing both Australia and the U.S. to export more than 200m tonnes a year of steam coal by the end of the century; and while the recession may have set back demand by anything up to half a decade, the forecasts appear to remain valid simply because the world is unlikely to be able to meet its energy needs from other Thus world cost demand is

likely to double in the next decade, and Australia will probably be called on to export at least 150m, and possibly 200m tonnes by the end of the century. The lower figure would represent a trebling of Austra-

lia's current annual coal exports

of around 50m tonnes and the

much as the current demand hiccup, have caused the previous boom mentality to evaporate. The Australian Coal Associa-tion has for some time been expressing serious doubts about whether Australia could keep

up with the infrastructural requirements of the expansion envisaged. In a recent submission to a Federal Senate committee in Canberra, the associa-tion said that to mine 250m tonnes of coal (both for domestic consumption and exports) by early next century would require an investment approach-

Coal

This would mean investment in coal alone of about A\$1bn a year, escalating with inflation, for the rest of the century. The ACA submission also made brief remarks, which now seem prophetic, on other problems which coal expansion would bring, saying: "There has been a tendency for the community to assume that the coal export bonanza will fall automatically into Australia's lap.

"This, unfortunately, is a myth. It is possible that the potential benefit wil be largely nullified through ill-defined tatation systems, through delays and muddle in providing infra-structure, and through endless round-robin strikes by a succession of different union groups.

"It must be recognised that coal is a widely-held resource and international competition in overseas markets will be

Seldom has an industry pre-diction proved more accurate, Governments at all levels have imposed heavy taxes on the Australian coal industry, even though the only boom so far has been in spending, while the unions have won massive

Other problems

cluded long periods of chaos in rail and seaport services, al-though this has been mainly confined to the New South Wales coal producers. Recently, however, there have been signs of moderation at all levels with federal and state governments removing levies on the industry and rail and port

services improving as important works have been completed. At one stage, more than 50 ships were lying at anchor off the port of Newcastle, NSW, because of transport delays, causing demurrage bills to run into tens of millons of dollars.

Now most ports are operator Now most ports are operator smoothly, and despite some labour problems, time lost has been cut and a recent moderate wage settlement has reduced some of the pressure on coal producers. With much of the recent strife comined to New South Wales this has allowed the extensive open-cast steam coal projects in Queensland to benefit most from increased demand-

The basic reason for this is that the Queensland mines are mainly open-cast, thus offering efficiencies of scale, while many New South Wales mines are older underground workings which are in the process of being phased out in favour of open-cast. Queensland has also been spared many of the rail and port problems experienced in New South Wales. While the fall in Australia's

share of new coal demand partly reflects the wishes of customers, mainly Japan, to diversify their supply sources, it is also a result of a decline of the country's competitiveness. Although Australia is much nearer to Japan than Canada, the U.S. and South Africa, the freight cost of landing Australian coal in Japan has caught up with that of its

competitors.

Australian coal is now being landed in Japan at an average cost of about \$A55 a tonne compared with A\$51 for South African, A\$61 for Canadian and A\$63 for U.S. coal.

Clearly, the Australian industry will have to work hard to keep its current market shave, but perhaps a couple of statistics best show that it has great growth potential, despite some cost problems.

According to the WOCOL

study, Australia will be ship-ping at least 75m tonnes of steam coal a year by the year 2000. In 1977 the country's steam coal exports were just



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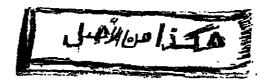
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#### **AUSTRALIA VII**

Outcome of environmental and political disputes awaited

# Future role in political melting pot

#### Uranium mining

AUSTRALIA has the potential to become a major supplier of uranium if the world nuclear power generating industry regains its momentum.

future role of uranium in the Australian economy are severely hedged about by the possibility of growing environmental concern within the country, and the possibility of serious political disputes.

political disputes.
This was confirmed, yet again, when the Liberal-National Party Government announced last month that foreign interest would be offered up to 50 per cent of the equity if and when Australia made progress with plans for building a uranium enrichment plant.

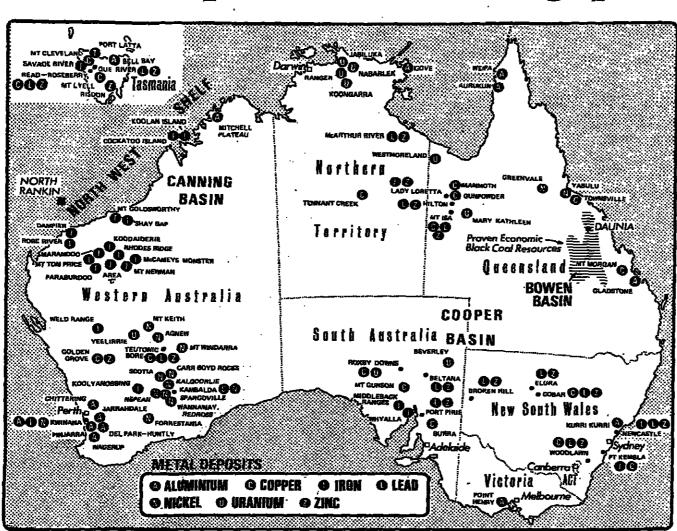
Plans for such a plant are being studied by the Uranium Enrichment Group of Australia (UEGA), a consortium of BHP, CSR. Western Mining, and Peko-Wallsend. At present, site evaluations are concentrated in areas near Brisbane, Queens-land, and Adelaide, South Australia, though the Northern Territory State Government is expected to continue to press its

case.

The Federal Treasurer, Mr
John Howard, said the Government's decision on nonAustralian equity involvement
was based on realisation that
substantial foreign capital would
be needed for the project. be needed for the project.

The Deputy Prime Minister, Mr Doug Anthony, who is also Minister for Trade and Resources, said that although prospects for uranium enrichment were prospected. ment were not favourable at present, they could well improve

significantly by the 1990s.
The Australian Labour Party
replied that it was totally
opposed to enrichment plants opposed to enrichment plants and that none would be permitted under a Labour Government, though earlier this year, at its national conference in Canberra, the ALP was reckoned to have softened its former connection to uranium.



ing and export contracts. Yet according to a statement by the Minister for National Energy and Development, Senator Sir John Carrick, dated July 8, 1982: "Under the ALP's 'revised' policy there is no future for the uranium industry in Australia. At best its death (will be) perhaps a little (will be) perhaps a little slower. There will be no new contracts, no new investment, no new jobs. How can this be called a 'softer' policy?" Significant exploration for

But this is not so, even though senior mining executives doubt that Labour, if voted into power, would actually tear up uranium min
Significant exploration for mineral responses in Cameria. "Recent developments in the "leasonably assured" market have given rise to content that Labour, if in the "reasonably assured" exploration and development in the "reasonably assured" exploration and development in the "reasonably assured" may fall short of the levels than A\$80 per kilogramme, required."

were put at around 295,000 tonnes, about 16 per cent of the West's total in that category, though they have since grown significantly. Australian exports are still small, in terms of the world

early 1990s

But early estimates that Wes-tern Mining and BP Australia's huge Olympic Dam copper-golduranium-silver deposit in South Australia contains at least 1.2m tonnes of uranium oxide have transformed the picture. Yet the uranium trade, though it is felt deposit is relatively deep, start-that the country's large low-cost ing at about 350 metres down, projects should be able to ex-ploit the expanding demand ex-pected in the late 1980s and stantially upgraded after further exploration

According to the Bureau of Mineral Resources in Canberra:
"Recent developments in the market have given rise to concern that current investment in exploration and development may fall short of the levels the Northern Territory. Mr Anthony said that agree-

ment to sink the mine meant that Australia was again on the map as a major world uranium producer, with initial output expected to be about 4,500 tonnes a year. He added: "Jabiluka is a world-ranking uranium deposit with total estimated reserves of more than 200,000 tonnes, and mining could now proceed in mining could now proceed in harmony with the aboriginal people and the environment."

Other important uranium mines either in production or scheduled to begin producing include Raner and Nabarlek, in the Northern Territory, and Yeelirrie, Western Australia.

Michael

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# sparkle in a depressed industry

ONE of the oldest minerals ever mined in Australia and a source of great wealth, along with one which is soon to be mined and is about to create equal wealth, are two of the bright spots in the local mining industry. The two are gold and

With most of the local mining industry in dire straits becauof the downturn in world demand and prices, the two stand out as potential money stand out as potential money spinners this year despite their own price vicissitudes. With the first commercial production of diamonds in

Lustralia now only weeks away the CRA-led Ashton joint ven-ture in the north-west of Western Australia is about to reap its first cash flow.

According to the best esti-

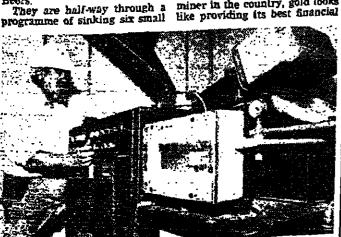
According to the best estimates of the partners, CRA, Ashton Mining and Northern Mining Corporation, the joint venture could begin producing revenue next year at about A\$50m annually.
This is a small start for the

Ashton partners, which now probably have the biggest new diamond mine in the world, although gemstone counts are low and industrial stone counts

high.
Initial production from the area will be from alluvial and scree deposits and is expected to produce 5m carats annually in full production.

But far more important for the partners will be the later mining of the most explored kimerlite pipe in the area, the Argyle pipe, where production is expected to be 25m carais a year and the average grade around 8 carais a tonne.
The partners in the Ashton

venture are currently comsleting research for the final feasibility studies on mining of the Argyle pipe and tying up details of the marketing arrangements, both independently and through De



diamonds from concentrate at the Ashton Joint Venture in north-western Australia.

#### Gold/diamonds

shafts on the prospect to provide much larger bulk samples from depth in the Argyle or AR-1 pipe than could be obtained from the large core return in a year of low world prices for its other major roduct, nickel. In 1981-82 the company lifted

The joint venturers will be better able to obtain an idea of grades throughout the pipe from the larger samples. gold production 63 per cent to 290,840 oz and this year is expected to lift it another 35 per cent or a further 100,000 oz. But mining of the Upper Smoke Creek alluvials now only awaits the final approval of the Western Australian Government With recent new discoveries and additions to reserves it is likely that the company's gold

for a go-shead and this is expected within a few weeks. Two of the partners, CRA and Ashton Mining, which hold a 95 per cent interest in the joint venture, have formed Argyle Diamond Sales to market their planton sales to market their shares of production. Argyle Diamond sales is 60 per cent owned by CRA and 40 per cent by Ashton. The third partner, Northern Mining Corp, will market its share of production independently.

#### Average value

The

drilling programme.

In their latest report the Ashton partners indicated average value of Argyle alluvials was \$11 a carat while the average value of diamonds recovered from the Argyle AK-1 pipe was

recovered from AK-1 surface sampling was 12.7 carats, while an industrial stone of 16.35 carats was recovered from Upper Smoke Creek. So far as Australian gold

miners are concerned the world price has recovered enough at its present levels to warrant increased production from existing min

It has also led to a slightly increased exploration effort with most companies believing that the gold price will rise substantially in the not-toodistant future.

For one company, Western Mining Corp. the biggest gold miner in the country, gold looks

The name Boral means a lot of different things to Australians. To some it's the bricks, concrete, steel, windows and wallboards that make their homes. To others it's the bitumen on their roads and the LP gas that powers their cars or cooks their meals. And to still others, Boral means engineering equipment and expertise for the mineral processing and

gas is exported throughout the Pacific Islands. Boral prefabricated buildings and rural fences go as far afield as the the Peoples Republic of China.

Peko-Wallsend is

major mining group relying on increased production of gold and higher prices to help it through the troubles that have plagued it in recent years. At its Tennant Creek mines in the Northern Territory it has closed its massive lossmalding copper operations to conceptrate on gold and the mines are now

operating profitably and effi-ciently on that basis. CRA is also seeking government approvals in the state of

production will increase even further in 1983-84. the mineral which could lift the state to its 19th century glory as a gold producer.

Other major gold producers include the Poseidon-operated Mt Charlotte Mine (100,000 oz

a year), its Fimiston leases (50,000 oz) and the BHP-operated Telfer mine in Western Australia (40,000 oz). Papus-New Bougainville Copper also pro-duces 300,000 oz a year from its BIS copper-gold mine.

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#### **AUSTRALIA VIII**

# The word for growth in Australia is Bond.

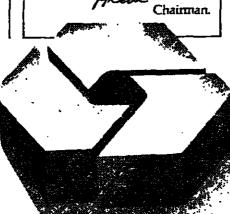
#### BOND CORPORATION HOLDINGS LIMITED 1982 ANNUAL REPORT HIGHLIGHTS

- Operating profit and extraordinary items increased by \$A39.2 million to \$A51.3 million. The Group's net assets are now \$A210 million, up \$A72 million on
- The Group completed its acquisition of The Swan Brewery Company Limited and its subsidiaries, bringing the total cost of its investment to \$A163 million.
- The Group disposed of its investments in Santos Limited. Reef Oil N.L. and Basin Oil N.L., vielding
- total proceeds of \$A180 million. Despite strong competition from international interests, a joint venture in which the Group has a 25 percent interest was awarded petroleum exploration permit WA-192P, near Barrow Island, off the coast of Western Australia. Drilling started in September 1982. @ The Group's associated company, Endeavour Resources Limited,
- completed its 100 percent acquisition of Northern Mining Corporation N.L. which controls just over five percent of the Ashton Joint Venture diamond mining project, in the Kimberley region of W.A. ln July 1982, the Group's associated company Waltons Bond

Limited acquired 99.63 percent of the issued capital of Norman Ross Discounts Limited.

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PROFILE: BHP

#### The Big Australian: industry's barometer

FOR MANY Australians, the best barometer of the industrial and resources elimate Down Under is the Big Australian itself — Broken Hill Proprietary (BHP), Australia's largest company and biggest manufacturing employer. With annual sales of A\$5bn (£2.8bn), it remains largely Australian-owned, its interests covering mining, minerals processing, steel-making, oil and natural gas production, and general manufacturing. FOR MANY Australians, the facturing.

Given its near-monopoly position in Australian steel-making, BHP is feeling its way gingerly at present — the lay-offs and losses in steel having created most of the Big Australian's current woes. In the year to May 31, 1982, BHP's total net profit slipped

by 25.8 per cent, to A\$364.5m. most of the trouble occurring in steel, where a profit of A\$105.6m in 1980-81 was transformed into a loss of

A\$12.6m.
On the plus side, new minerals projects lifted group export sales in 1981-82 to a record A\$1.06hn: cartial expenditure totalled A\$906m, mainly to improve steel productivity and quality, as well as develop new coal, alumina, and oil and gas production On the debit side, a roll-call

of BHP's problems summarises many of those at present afflicting the Australian mining and manufacturing sectors: wages rose by 20 per cent; group employment fell cent; group employment fell by 5 per cent, to 72,000 (and is in the process of falling further); union pressure to reduce hours of work in-creased; and time lost through stoppages and dis-putes remained high.

More recently, the Big Australian has issued a maiden quarterly report, showing a profit, for the three months to August 31, of A\$86.3m. The oil and gas division displayed a profit of A\$68.5m, whereas steel showed a first-quarter loss of A\$9.8m.

In Australia, there has been criticism of BRP's investment performance in steel, one editorialist claiming that "as crucial investment decisions. BHP is now faced with an obsolete, inefficient production plant and the need to decide on very large reinvestment or abandonment measures at exceptionally difficult period (for) the world steel

The criticism was echoed by the Australian Labour Party spokesman on industry and commerce, Mr Chris Hurford, who claimed there was evidence BHP had neglected its steel operation because of its more profitable involvement in oil and gas, and who maintained that the Fraser Government's decision to permit steel imports in the current year at their 1981-82 levels — thus overturning BHP's earlier plea for aid by way of higher protection levels against cheap steel imports — was in effect a decision to strangle the domestic steel industry slowly.

The Blg Australian has been nothing if not frank. In July, at a Confederation of Australian Industry forum in Sydney, BHP's chief general operations manager, Mr. W. B. Burgess, said that some of the factors contributing to the steel division's difficulties were home-grown — among them, the huge rise in hourly earnings in the last year, and the even larger increase in

unit wage costs. According to Mr Burgess:

"By the last quarter of our financial year, wages and bonus payments at our steel-works were 18.5 per cent up on a year earlier, with the 38-hour week and the A\$144week metal trades award yet to come. At our steel division collieries and quarries the increase has been still more spectacular — 25.9 per

Fortunately for its 178.000 shareholders, BHP's troubles in steel are counterbalanced by its oil and gas interests. notably its partnership with Shell and others in the North West Shelf project, off Western Australia, and its involvement, with Esso, in Victoria's alone, BHP's share of development expenditure in 1981-82 approached AS113m, while in the Gippsland Rasin, Victoria, a three-year drilling programme in concert with Esso, is likely to cost total of around A\$150m.

Outside Australia, BHP is exploring for oil in the mountainous jungle of Papua New Guinea (where it also has a 30 per cent share in the A\$1.5bm Ok Tedi gold and copper project), and is part of a group bidding for exploration ights in the South China Sea and Yellow Sea, led by BP as

Australian oil supplies two-thirds of the country's needs

# Production now close to 400,000 barrels a day

AUSTRALIAN oil output is now at A\$25.46 a barrel, so that off. Its exploration director, Mr supplying about two-third's of small producers are receiving Ken Richards, has forecast that the country's demand for crude A\$32.46 for their production production could be maintained and it is expected that this level and large field, production is will be maintained for at least attracting A\$8.03 a barre! the next three years.

Production is running at close to 400,000 barrels a day, mainly from the large fields operated by Esso-BHP in the offshore Gippsland Basin in Bass Strait, between the coasts of Victoria and Tasmania. Bass Strait is the site of Aus-

ralia's only major oilfields and after 12 years of production they still contain 1.94bn barrels of oil, according to the latest assessments.

Other producing fields are relatively small. The Barrow Island field off Western Ausralia has reserves of about 80m barrels, while small fields in he Bowen and Surat basins off Queensland have cumulative reserves of 47m barrels.

Bass Strait output, at slightly more than 140m barrels a year, accounts for over 370,000 barrels a day, with the other beilds making up the balance.

Despite a high success rate in exploration over the past few years, no prospects have yet emerged for a repitition of the

emerged for a repitition of the original Bass Strait discoveries. This failure has caused concern about long-term oil supplies from indigenous sources, leading to generous Government policles to encourage oil exploration.

Although there is an export embargo on crude oil produced in Australia, a guaranteed home market exists for any discoveries under a formula which requires oil refineries to purchase domestically-produced oil in proportion to their share of the market for refined products.

Oil prices are determined by reference to the Saudi Arabian price for light marker crude, with Government levies determined.

with Government levies determ-ining the price actually received for production from any oil-fields discovered before 1976.

To encourage exploration, the Government is offering full im-

The first major test of the policy will come next year, when new oilfields discovered in the Cooper and Eromanga Basins in Central Australia begin production, and the recent Fortescue oil field discovery in Bass Strait begins producing on

Bass Stratt begins producing on a limited basis. The Cooper Basin liquids pro-ject represents an investment of nearly A\$1bn aimed at exploiting 300m barrels of oil and

#### Oil output

natural gas liquids. Production from these fields is due to start early in 1983, and to rise to 30,000 barrels a day.
It will represent the first

major addition to Australian oil production since the Mackerel oilfield in Bass Strait began production in 1980.

Fortescue, due for full production in 1984, should add more than 50,000 barrels to dally oil production, but most of its output will offset a decline in ouput from the existing Bass Strait fields.

These two developments, together with smaller production.

gether with smaller production increases from the Surat Basin and the newly-discovered Blina oil field in the Canning Basin, Western Australia, will prevent the previously expected decline in self-sufficiency

On currently known reserves and development planning, Bass Strait production is expected to fields discovered before 1976.

Levies are arranged in such a way that small fields producing less than 2m barrels of crude annually receive an "import parity" price less a producing over 15m barrels a year, receive an indexed price.

Import parity is currently set is carred.

Start declining sharply after Now, with V to a one-sixth set on a one-sixth set of the decline, however, if the decline, however, if the odds are taken into account. Esso, at least, is confident that the exploration will pay start declining sharply after

until at least 1988 and possibly

Because of the age of the continent and its thin sedimenport parity price for output tary cover, Australia has long from new discoveries made since been regarded as having poor prospects for major oil discoveries, and the upsurge in ex-ploration in recent years has tended to confirm theories that the continent is "gas-prone' rather than "oil-prone."

Certainly, gas reserves are far greater than the current demand, to the point that a number of new gas field discovering particularly in coveries, particularly in Western Australia, have not been fully exploited.

Gas reserves are to supply the needs of the two main industrialised states. New South Wales and Victoria, until the year 2000, and the smaller Western Australian market until well beyond that date.

South Australia has been

South Australia has been using natural gas for generating electricity and faces a shortage beyond 1990, while in Queensland recent discoveries indicate that the state might soon become self-sufficient in natural gas.

The country's major natural gas development is the North West Shelf venture off the coast of Western Australia. Construction and development are well advanced on the first phase, to supply gas to the

phase, to supply gas to the domestic market, while negotia-

domestic market, while negotiations continue on the liquefied gas export phase of the project.

Recent negotiations have led the Japanese companies Mitsuiand Mitsubishi to buy into the export phase, reducing the direct stake of the Woodside Group. Woodside's status as 50 per cent owner of the project, even though it is basically an exploration company with no cash flow, has caused difficulties in getting the huge project started.

Now, with Woodside reduced to a one-sixth share — the same as Shell, BHP, British Petroleum, California Asiatic, and Mitsui and Mitsubishi—progress towards financing the development is expected to be that much quicker.

Peter Maher

# High hopes as projects reach record level

OIL EXPLORATION in barrels a day to present Austra-Australia reached a record level lian oil output of 400,000 b/d.

In fact, the 157th exploration well was completed in August, bettering the boom year of 1965 when 156 wells were drilled in Australia and around its coasts The exploration effort has

been given impetus by Goverament policies which guarantee world prices, based on Saudi Arabian light crude prices for new oil discoveries, and a guaranteed market in Australia. There are also tax concessions which allow oil exploration expenditure to be offset against

income tax from any source for tax purposes, and provide a rebate of 30 cents in the dollar for oil exploration spending. These policies have provided much of the encouragement for renewed exploration activity which, despite Opec oil price increases, had sunk to a mere 19 wells in 1976.

In the changed circumstances, exploration has spread significantly to all the major sedimentary basins in Australia, after being restricted in the mid-1970s to established oil-producing areas of Bass Strait, Barrow Island and the Surat Basin, plus known gas provinces in the Copper Basin and on the in the Copper Basin and on the North West Shelf.

Success in these early stages fed on itself as new discoveries were made in the Canning Basin, Western Australia, and in the Bonaparte Gulf, Northern Territory, while new gas discoveries were made in the Perth and Carnaryon Basins, Western Australia, and the Rolleston Trough, Queensland. Perhaps the two most

important advances of recent years were the discovery of oil in the Eromanga Basin of Central and Northern Australia, and Home Oil's Blina discovery in the Canning Basin.

Before 1978 the Eromangs

Basin was largely written off as water-saturated, white explorers probed and assessed gas reserves in the underlying Cooper Basin in the southern section of the Eromanga.

Small discoveries at the Namur gas field and Streziecki off field led to a complete re-appraisal of the Eromanga, and later discoveries have formed the basis of the A\$1bn Cooper

M. T-N. The scheme is due for completion next year, and in the short term will add about 30,000

Australia reached a record level this year but there are already signs that activity may have peaked, at least for the time being.

Explorers drilled 120 wells in the first half of 1982, giving the impression that they would meet optimistic forecasts of 245 exploration wells for the year as a whole.

In fact the 157th exploration that they do not covery capable of producing about 2,000 b/d, has added a new dimension to the search.

new dimension to the search. It is the first discovery made in Devoutan Age carbonates, and the first commercial find in the Kimberley region of North West Australia.

Much attention is likely to be paid to the complex and exten-sive Ancient Reef system in the Canning Basin and will per-

#### **Exploration**

haps open up new plays in Queensland, where evidence of similar buried reefs has been

Outside these two areas exploration activity is being dominated by newly-released exploration acreage in Bass Strait and by the low-cost search for small oil fields in the Surat

Three small pool discoveries made in Bass Strait in the past year, as well as the finding of oil in zoues beneath recognised while oil traps in the top of the much recognised while latrobe structure, have remember enthusiasm for Bass them. Strait.

that the original explorers. Esso and BHP, drailed their best Esso and BHP, drailed their best shots before relinquishing the acreage; but recent discoveries have shown there is scope for new ones, even if they are smaller than the giant Halibut and Kingfish fields or the medium-sized Fortescue discoveries.

The Australia-wide success rate in drilling has been high, with 20 genuine wildcat discoveries of oil and/or gas in the first half of this year, fol-

covery.

lowing a success rate of one in four for the whole of last year. All the finds have been of small oil or gas fields and, while not yet making much contribution to total Australian oil and gas resources, have given strong encouragement to prospect in what still remains en under-explored continent in terms of the search for minerals.

Even so, recent developments about to reduce its activities. of the 40 land rigs operating in the country, 25 were not in operation by mid-October, and 15 of those laid-up had little prospect of new short term.

The offshore scene was a little brighter, with eight rigs operating and another scheduled to arrive in Aulian waters before the end of

the year. Seismic work has already begun to decline. The number of crews is being reduced in moves which suggest that it may be some time before exploration recovers fully from the

Most industry observers attri-bute the slowdown to the un-favourable effect that high interest rates are having on the fund-raising ability of speculative exploration ventures. Cer-tainly, small explorers, who rely solely on the share market for funds, are having difficulty while investors are becoming much more selective in deciding who to back and when to back

The oil glut has contributed The general impression is only marginally to the slowdown. Oil prices are based on the U.S. \$ Saudi Arabian light price and have been rising because of the effective 17 per cent devaluation of the Australian \$ against the U.S. currency

> But the industry expects the tempo of exploration to pick up again as interest rates fall and money for highrisk ventures becomes more readily available.

P. M.

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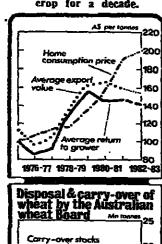
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Hard-hit agricultural sector struggles against not only drought but rising costs and poor world prices

# Farmers facing worst drought of the century





heat harvesting: the wo crop for a decade.

NATURE HAS dealt Australian farmers an unusually savage blow this year. Squeezed between escalating farm costs and poor world prices the coun-try's agricultural sector is now oy me grought.

Some 80 per cent of New South Wales has been declared drought this century.

Australia may be the world's driest continent (around a third of its land mass is classified as desert) but now vast tracts of some of the country's best agricultural land in Eastern, Central and Southern Australia have been stricken by a seemingly

oy me grought.

Some 80 per cent of New South Wales has been declared drought stricken. About 53 per cent of Victoria's rural enterprises and 21 per cent of South Australia's have been affected, and 55 per cent of Queensland's farmers have been hit. Only Western Australia has escaped the drought.

The National Farmers' and Southern Australia have been stricken by a seemingly unprecedented lack of rain.

Agriculture

Lakes, rivers and creeks have dried up, sheep have had to be prematerly slaughtered and hundreds of thousands of acres planted to wheat have just not been harvested at all. Up to the middle of October many parts of the country had seen little or no rain for almost four years. The worst hit state has been New South Wales, which normally accounts for around a third of Australia's farm output. Virtually the whole state apart from a narrow coastal belt -has been declared drought-stricken. But other prime wheat, sheep and cattle producing areas in Queensland, Victoria and Southern Australia

the deprivations of recession (weak demand, high unemployment and production cut backs), the agricultural statistics make double depressing reading.

Almost half the nation's 170,000 farmers have been hit by the drought.

 The National Farmers'
 Federation says farmers terms of trade are at their lowest level for 30 years. ● The real net value (the value of output less costs adjusted for inflation) of Australian farm output in 1982/83 is likely

to be around 50 per cent down on last year's A\$4.12bn outcome, the lowest level since the Agricultural Bureau of Agricultural Economics started collecting figures in the mid-1950s. • Crop production is expected to fall 28 per cent, with the all important wheat crop slumping from 18.3m tonnes last year to

around 8.9m tonnes in 1982/83 -a fall of 45 per cent. The value of total farm exports is expected to fall 7 per

The drought scene at Walgett, New South Wales.

cent to A\$7.4bn, with wheat ing sector. The farm workforce, exports falling 11 per cent to A\$1.55bn. Only high stocks resulting from last year's excellent wheat crop have prevented Nevertheless, agriculture still a much more dramatic overall Australia is no longer a nation whose economic success is largely determined by

farmers and sheep shearers.
Manufacturing and the tertiary
sector—financial and other
services employment—each accounts for a much greater proportion of gross domestic product than the 6 per cent The drought is having an contribution made by the farm- adverse effect on employment,

Farm groups estimate that the drought could cost Australia's national economy A\$6bn

durables in rural areas is

when the flow-on effects from the decline in rural production

As the country's largest foreign exchange earner, agriculture plays an even more important role in the country's export economy. Australia is the world's biggest exporter of wool and beef, and a major exporter of sugar and wheat, Despite an expected 21 per cent fall in the value of grain exports this year total agricultural exports are expected to be down just 7 per cent from last year's A\$7.9bn.

Meanwhile the government is

due to premature slaughterings

Now Government economic anners are beginning to look forward with some trepidation to 1983-84. If the drought con-tinues—and for the moment at least it shows few signs of abating—the fall in farm abating—the fall in farm export earnings could be drama-tic, perhaps leading to balance of paymonts.

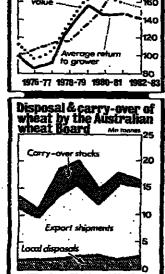
last year's A\$7.9bn.

The picture could have been likely to spend around A\$300m much worse. Had it not been for large wheat carry-over stocks year, and farmers are using the large wheat carry-over stocks following an excellent harvest crisis to argue for a better deal

machinery, while sales of fer- on record), the likelihood of they say has for too long tiliser, chemicals and consumer improved meat sales (mainly favoured an inefficient indusbecause of the drought) and an star-struck with the glamours increase in dairy exports, the of mining. A high exchange 7 per cent drop in farm export earnings would have been much has, they say, worked to the rate policy and protectionism has, they say, worked to the serious disadvantage of agri-

> Says Jim MacNamara of the National Farmers' Federation: We believe that Australia could double its wheat produc-tion in less than two decades tion in less than two decades given the markets and the right encouragement from the gov-ernment. We're already the world's biggest exporter of wool and the single biggest exporter of beef. We're now saying to the Government that they're taken us for granted too long. We've got tremendous potential.
> What's urgently needed is a
> major review of the agricultural

> > Richard Cowper



# No agreement yet on much-needed reforms

dustry was in a mess long before a diligent meat inspector in the U.S. discovered horse and kangaroo meat in imports from ment in Canberra ordered a Royal Commission investigation

This sordid little affair recently in a Royal Commission report — made Australian primary industry a laughing stock around the world, but at least it obliged large cattle producers, processors and exporters to take a long hard look at themselves.

dustry had become a haven for inefficiency, corruption and mis-

assed since the beef substitution fraud became public, and the Mr Bert Kelly, in early 1980—industry has not yet agreed on about 18 months before the sub-a major plan for reform, parily stitution scandal became public. a major plan for retorm, putting is because it is extremely conservative, and burdened even the lack of accord administration of the Australian industry by the various

exporters, and producers. Many producers still hold the quaint view that the exporters are only interested in extracting as many dollars from the system as possible, and to hell with Australia's reputation as a reliable supplier of quality

products. The fraud only reinforced this view among many producers who themselves have switched in and out of cattle in tune with fluctuations in price.

Yet only a few hundred tonnes of illegal meat was exported to the U.S., and the overwhelming majority of exporters are extremely mind-

THE AUSTRALIAN beef in ful of the need to please over-dustry was in a mess long before seas customers. In the days following the Beef industry

of the fisses to dampen down the headlines. The inquiry was carried out by Mr Justice His report was tabled before

Parliament in September, but its real significance was lost in a bitter political row over the future of the Minister for Pri-A\$1.8bn-a-year beef in- mary Industry, Mr Peter Nixon. The Woodward report

criticised Mr Nixon's response to anagement.

More than 12 months have meat industry made to him by a former Government minister. What the Royal Commission half of owners, meat industry by the various Australia's

—per person ..... Exports (shipped weight)

-total

At March 31. † Forecast. ‡ Estimated. † Projected. Source: The Australian Bureau of Agricultural Economics

Item

Numbers'

Slaughter Production

bureaucratic groups charged with this responsibility.

Mr Justice Woodward found Mr Justice Woodward found that the Commonwealth Meat Inspection Service, which was and still is controlled by the Federal Department of Primary Industry, was riddled with petty corruption, the practice of paying bribes to Commonwealth meat inspectors having annarently become common.

apparently become common.

What was worse, Federal
police and senior officers of the Department of Primary Industry seemed unwilling or unable to eradicate the problem.

The U.S., which buys about alf of Australia's beef exports each year, is clearly not satisfied with the slowness of

BEEF AND VEAL: ESTIMATES AND PROJECTIONS

26.2

000 8.82 kt 1,585

OF AUSTRALIAN SUPPLY AND UTILISATION

those responsible for the mal-domestic market, this curiou practices. More importantly, the U.S. is also extremely unhappy with Australia's present system.

Australia's present system of meat inspection at abattoirs. The U.S. — like most Australian producers and exporters — wants a single national system where one body has control of all meat inspection and security. At present Australia has about 20 different

mest inspection services.

The Federal Government, for its part, wants to form a single service, but some State governments, notably Queensland and Western Australia, are loath to Government.

In turn, meat and livestock give up their inspectorates. arguing that the Commonwealth service was largely responsible for the meat substitution racket in the first place.

Commonwealth inspectors are beef employed in large abattoirs rly not registered for export, and often ess of work alongside State inspectors

Unit 1980 1981 1982‡ 1983† 1984§ 1985§ 1986§

body" to take complete charge of the meat industry and direct distribution and promotion both At present, promotion meat is the responsibility of the Australian Meat and Livestock

Many producers are pressing for the creation of a "super

sector's woeful performance this year is already making itself widely felt.

as 3m people, or 20 per cent of the nation's population, is

directly or indirectly dependent

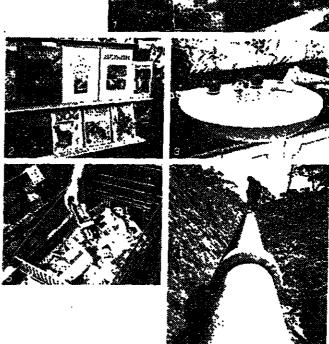
The National Farmers' Federation estimates that as many

Corporation, a federal statutory authority which is funded by

In turn, meat and livestock research is under the control of the CSIRO, Australia's major scientific body, which is also responsible to the Federal Government, while the domestic meat market, which consumes about half the national beef output, is largely in the hands of their departments of agricul-

This tangle of responsibility, and the reliance of the Austra-lian meat industry on export markets for survival, has created the present atmosphere of in-stability.

25.2 24.8 24.5 24.5 25.0 25.2 8.14 8.3 7.7 7.7 7.5 7.6 1,426 1,512 1,403 1,399 1,363 1,387 In the meantime, the number of cattle in Australia has jumped up and down. In the past six years, the cattle herd has declined from a peak of 33m to only 25m, the downturn being accompanied by the closure of scores of expensive abattoirs built to service a national herd



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#### AUSTRALIA X

their poorest crop for a decade. Many drought-ravaged crops in New South Wales, Victoria

and Queensland were fed to sheep and cattle in October, because all hope of producing grain had been crushed by

cloudless skies and hot spring

Indeed, some important grain regions in the eastern states are

had not chipped in with a record crop, which is expected to produce more than 5.5m tonnes.

The current poor harvest is a source of embarrassment to the

Australian Wheat Board, the federal statutory authority

which compulsorily acquires the national crop for resale on the home market and overseas.

The board has already asked the Federal Government for the

legislative power to import grain if local production is un-

able to meet domestic requirements and satisfy overseas demand, Australia having long-term markets in Egypt, China, Japan and the USSR, which it wants to keep up at all costs.

Yet several years of drought has cut supplies of fodder, and livestock producers will rely

heavily on wheat to feed their starving animals if the drought

continues into next year.
The Wheat Board wants to have enough grain to cover the needs of local graziers, as well as maintain exports to key

foreign markets.
Exports of wheat this year are likely to pass 13m tonnes, following a harvest of more than 16m

tonnes last season. The Australian wheat harvest begins in late October and usually con-

in see October and usually continues into early January.

In recent years, wheat has become the glamour crop because bouyant world grain

prices have encouraged many Australian sheep and cattle pro-

veather.

# Bright outlook despite drought

In Money Made Us, a per-ceptive study of the way economic values have shaped Australian society, author Donald Horne observed that the cuit of the Merino, the sheep which forms about three-quarters of the Australian national flock, reached match begints between the two such heights between the two world wars "that the Merino ram could seem the typical Australian."

Australian."

Personlified by an animal with horns like a warrior's helmet, and rolls of fleece suspended from its neck like chains of office, wool became the supreme export cult. As a result, most Australians thought that wool's percentage of total exports was much greater than it was.

Today, the reverse is true, most Australians assuming that minerals now account for the vast bulk of the

#### Wool

country's exports, when in reality, farm goods—particularly wool, wheat and beef—still relgu supreme.

Despite

Despite the drought that has ravaged the eastern Australian states, and despite the large number of sheep that have been slaughtered, the outlook for wool remains relatively bright — partly because of the sophisticated reserve price scheme and market support fund operated by the Australian Wool Corporation.

In broad terms, the Australian sheep flock of around 136m constitutes about 14 per cent of the world's sheep, but produces about a quarter of its wool requirements. In 1981.82 or its wood requirements. In 1981-82, Australian wool exports were valued at A\$1.92bu, while the estimate for 1982-83 is A\$1.96bu, against A\$1.55bu for wheat and flour, and A\$1.54bu for

Total wool production in the coming season is forecast at 702m kg, a reduction of 13.6m kg on the estimated 1981-82 level, while auction prices in 1982-83 are expected to average between 440 cents a kg and 470 cents a kg clean about 4 per than last season.

Over the first quarter of the current season, prices were near their respective floors, leading the AWC to increase its stocks from 509,300 bales at the end of the 1981-82 season to about 763,400 bales at October 7, a total expected to rise to more than 1m bales by Christmas.

According to the Bureau of Agricultural Economics: Agricultural Economics:
"Mest wool textile manufacturers are very cautious
about the future while the world economy remains slug-gish. Even so, in the EEC, the industry as a whole is in a fairly good position to res-pond to any increase in final pond to any mercase accommend demand, having continued production by processing wool to intermediate stages. A similar position exists in Japan."

Mr David Asimus, a Victorian gracier and chair-man of the AWC, as well as chairman of the International Wool Secretariat, is keen to see the wool industry promot-ing itself more vigorously so as to capitalise on what is seen as a fundamental change in consumer attitudes—away from polyester, and other synthetics, and back to natural fibres.

"We've got to remember that wool is a fibre, not a commodity," he says at the AWC headquarters in Melbourneadding that the U.S. market is the ripest for heavyweight marketing. As a consumer marketing. As a result, the IWS hopes to raise its advertising budget in the U.S. by perhaps 4 per cent a year in real terms over the next five years, for a five-year total of almost US\$50m, in 1982 dollars,

Japan remains Australia's largest wool customer, taking nearly 24 per cent of the export total in 1981-82, more than double that of Russia, her second biggest customer.

Exports to the Asian region were unchanged last season, while those to the EEC and Eastern Europe fell slightly. Countries which imported larger quantities of Aus-tralian wool in 1981-82 included France (+18 per cent), Korea (+14 per cent), Talwan (+ 9 per cent), the U.S. (+8 per cent) and Malaysia (+14 per cent).

Mr Asimus says that the AWC is fully prepared to buy at Australian wool sales in whatever quantities neces-sary to support the market a determination made easier by the scale of the market support fund, which at June stood at A\$589m, a significant increase on the year-earlier balance of A\$493m.

M. T-N.

for a decade

As a result, the area sown to wheat has almost doubled in the past 20 years, to an estimated 11:5m hectares this season, while wheat farming has become extremely mechanised.

The poorest harvest

Grain experts believe Australia's grain output will continue to rise — despite this year's

#### Grain

experiencing their worst wheat harvest since 1944, with the result that the national wheat crop is unlikely to yield more than 3.6m tonnes, according to the latest official forecasts. drought — and should reach 21m tonnes a year by 1990. Harvests could be even higher if world prices and seasons are The result would have been much worse if Western Australia more favourable than those prevailing this year.

In recent seasons, NSW and Western Australia have emerged as the country's principal what producers because both have significant areas suitable to dryland cropping. What is clear is that Australia has room to increase grain output because of the vast tracts of land still awaiting development. About 12m hec-tares suitable for cropping has not been touched by a plough, most of this land being in Queensland and Western Australia.

The Australian wheat in-dustry has also been hampered to date by a lack of world-class

AUSTRALIA'S grain boom, ducers to sell their livestock varieties especially suited to it which began in the early 1970s, and gamble on higher returns hot, dry environment, has come to a shuddering halt from cropping.

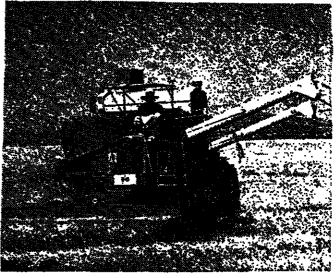
Wheat breeding in Australi: this season as farmers harvest As a result, the area sown to is largely carried out by is largely carried out by Government research stations which often lack both the mones and the people to do the best job. Producers pay a levy of about 30 cents a tonne to wheat breeding research — an amount which most of them admit is far too low.

> Luckily, Australia has gamed the services of a few top breeders who have beaten all the odds by developing some top-class crop varieties, so that the big plainlands of Australia given good seasons—produce top quality grain keenly sought by countries around the world. The marketing of the crop is The marketing of the crop is done by the Australian Wheat Board, which has a board dominated by growers. The board has been under attack for most of the past ten years because many producers believe it has lacked the commercial ever-tise to gain the best price for

Luckily, Australia has gained

their grain. The criticism has not been unwarranted, and the Wheat Board has in general become much more commercially minded in its dealings with grain

> Michael Thompson-Noel



# Model of an Australian country gentleman

TO ALL appearances Jim Maple-Brown is the very model of an Australian country or an Australian country gentleman. Living in grand style in a Victorian mansion with 30 rooms on his 7,500-acre sheep station (valued at around A\$5m), he has like his ancestor before him, two enthusiasms Merino sheep and polo.

As he guides a visitor gently past ancestral pictures (his family arrived in Australia " not as convicts " just three years after settlement began in 1788) into a Victorian study full of paintings and photographs of magnificent Merino sheep and polo teams of yesteryear, one is suddenly struck by a large modern object covered in plastic standing next to the old roll-top desk.

"I played the Duke (of Edinburgh) in 1950. He hit me under the chin and I've still got the scar to prove it," he says, removing the covering to reveal the very untraditional microcomputer that he hopes will drag Australian sheep breeding into the 20th century. Strange as it may seem for a

country that has for so long dominated the world wool market, Mr Maple-Brown believes that there has been little or no genetic progress in Merino sheep breeding since early in this century. While scientists have developed new kinds of fruit by cross-fertilsakinds of fruit by cross-fernisa-tion and quadrupled wheat and rice yields, the yields and quality of wool have hardly improved at all, he says.

"The traditional method of selecting the heaviest cutters by eye and mistakenly confusing crimping with fineness has meant that we've made little genetic progress since 1910. In fact, breeders have been going round in circles."

Mr Maple-Brown says his

microcomputer is, for him at least, putting a stop to all that, Simply put, by storing accurate measurements of clean fleece weight, average fibre diameter and live weight for each ram in his 12,500 flock, he can select above average rams for breeding, thus improving the genetic strain of his flock.

Moreover, farmers or overseas buyers with different wool thickness or sheep weight requirements will be able to build up the kind of herds they want of make purchasing decision scientifically. Using these procedures in

complex formula linked to wool and sheep meat prices, Mr Maple-Brown says he has already been able to increase his overall returns substantially. Now he is trying to persuade sheep farmers and breeders across Australia to adopt the system he

Traditional

farming

So far it has not proved an easy task. "We've had terrific resistance because Merino stud farmers have traditionally been the social leaders of the whole sheep-farming community. My system takes the mystique out

of breeding and does away with the great stud ram.
"It means that any farmer can now breed his own sheep successfully, and the God-given for so long are no longer

Mr Maple-Brown is concerned about the future of Australia's sheep industry. The total flock in 1970 was 180m sheep. To-day, 12 years later, it is down to 134m. Breeding methods are archaic and even sheep-shearing is not as efficient as it could be.

To survive we'll have to turn

out a better product at cheaper cost," he says. If he has his way the great

curling horns which distinguish the Merino ram may soon be a thing of the past. To save on labour costs by removing the necessity of shearing horns he is now using his computer-based genetic selection methods to create a hornless breed Merino ram.

It will be a slow process but it can and must be done without loss of wool weight or quality, he says.

In the not too distant future the Merino sheep might look even stranger. Scientists in Western Australia are now ex-perimenting with a robot sheep-shearer. "If it's successful shearer. "If it's succe I'll be the first to use it," Mr Maple-Brown. But they may need me to breed the wood off the sensitive parts of the sheep first."

It is a prospect that would no doubt cause Jim Maple-Brown's ancestors to turn is their woollings or any second se

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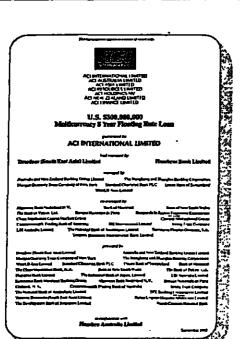
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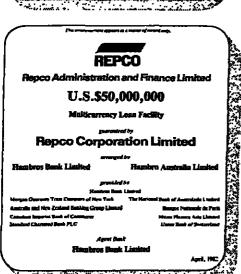
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#### **AUSTRALIA XI**

Mood of gloom settles on the bewildered Liberal-National coalition

# Government faces tough problems

claimed one newspaper head- end of next year, by which time-line on October 8. Another, on the economy was unlikely to October 19, said: "Polls sink have recovered and the chances Fraser's scheme for early of a fourth Fraser ministry election." On October 22 yet would have seemed well and another hooted: "Camberra burns while Malcolm Fraser fiddles."

Such was the assumption. But the sands of political for-

One day later a headline in tune have shifted to such an a fourth newspaper proclaimed extent that—although a snap confidently: "Fraser draws election is still a possibility—'safe' battle lines for poll." the Government is likely to

month's raucous shrieks from the Australian Press, these headlines capture something of First, the economy, with it a the gloom that in recent weeks damaging controversy over the has settled on the ruling Liberal-National coalition Government. It is a Government that despite Mr Malcolm Fraser's leadership and political skills as Prime Minister now looks bewildered and dis-

ment presented a presented a presented to steer a fine course between what was called "the compelling necessity to maintain an anti-inflationary economic strategy" and electioneering give-aways, it was widely assumed that Mr Fraser was hoping for a snap general election later this year.

OC. It was presented a properties of the present was not presented and its repercussions, tor the Liberal Party, are likely to be a principal paintal paintal and lasting.

The Fraser Government has to other problems, among them the charge that in the past six years three distinct U-turns in economic policy have helped to create a "resource boom" appearance of the presented and its repercussions, tor the presented and its repercussions. ment presented a budget that seemed to steer a fine course

With the Australian economy deteriorating, company profits plunging, and the numbers of pletcly dissipated.

There is also the success, earlier this year, of the Austrabefore Christmas rather than

Culled at random from a choose to soldier on into 1983.

The Government is under pressure on two key fronts. extent to which the Federal Budget of Angust 17 was or was not contrived with an early election in mind.
Second, the continuing night-

mare — for the Government — of the tax-avoidance scandal rientated. delineated, with quietly stated In August, when the Govern-force, in a a Boyal Commission report by Mr Frank Costigan, QC. It was published in August

lian Labour Party leader, Mr Bill Hayden, in fighting off a leadership challenge from the

Mr Hayden's success, so far in orchestrating a skilful attack on the tax-avoidance issue and the complication of the state election in South Australia on November 6, in which economic

issues were dominant. But the Government's biggest headaches are without doubt

Political scene

the faltering economy and the run of damaging disclosures on the tax-avoidance front. the tax avoidance front.

There is a sense in which Mr
Froser, at least, has enhanced
his personal standing by his
determination—against stiff
opposition from within the
Liberal Party—to introduce
retrospective legislation aimed
at recouping an estimated
A\$450 (£250m); lost in tax
revenues since ganuary 1972.

But the replations of Mr
Costigan's Royal Commission
will not go away, and Mr
Hawden and gain the Labour Party
are likely to return to them
again and signin in the run-up
to an elegion.

to an elec**a** Originally, the Royal Commission was set up to investigate allegations against the notorious Melborine branch of the Aus-

the Government was struck by an equally damaging controversy over the forecasts and projections that had formed the basis of its Budget of August 17. On some counts, the Budget of the basis of its Budget of August 17. deficit for 1982-83 is now likely to swell to twice the A\$1.67bn forecast in August, partly

prosecute organises of a tax avoidance scheme involving the stripping of companies of their pre-tax profits, had led to the spread of similar schemes throughout Australia. This sorry

state of affairs has produced what Mr Costigan called a

'major fraud" on the country's

retrospective tax Bill aimed at partly undoing the damage,

But it will be a long time before the damage to Liberal

revenue.

"LET THE contest begin" ex- current Parliament until the party's spokesman on employ- and Dockers' Union. But as Mr because of higher costs in unclaimed one newspaper heading on October 8. Another, on the economy was unlikely to Mr Bob Hawke, together with activities of the union — a proactivities of the union — a pro-cess which uncarthed an astonishing tale of murder, may-

hem and violence—his inquiries
led him into the labrinth of lax
avoidance and evocion in the labring and evocion in the labring are seen as a personnel in the labring are seen as a personnel labring allowers. avoidance and evasion in Aus-2 charge supported by the Australian Democrats — although So far the most damaging aspect of Mr Costigan's report, the Federal Treasurer, Mr John Howard, who is also deputy from the Government's point of view, has been the revelation of leader of the Liberal Party. maintained there had been no attempt, by himself, the Treabureaucratic bungling and in-competence and the disclosure sury, or the Government, to that failure by the Crown Solicitor's office, in 1975, to prosecute organisers of a tax 'mislead or deceive" Parliament on Budget estimates.

Almost the only ray of hope for the Government last month was the return to the minis-terial fold of Mr Andrew Peacock, 43. as a replacement for Sir Philip Lynch as Minister for Industry and Commerce.
In a political arena lacking

genuine heavyweights. Mr Pea-cock's return to the Cabinet The Prime Minister has in-sisted on the introduction of a front bench. But his return proved only a minor counterwhile the Government has introduced legislation to estab-lish a national crimes commisweight to the problems of the

But the volatility of Austrasion. It has also appointed a special prosecutor to handle allegations against the Ship Painters' and Dockers' Union. lian politics is such that in early October, when Mr Fraser's political problems appeared to be multiplying, the Liberal-National Party coalition was Party morale is repaired—or before it hears the last of the shown, in a Morgan Gallup poll published in The Bulletin ALP's taunts, among them, Mr Hayden's advice to Mr Fraser that he should "expel Liberal Party office-bearers" who had magazine, as enjoying a popularity rating of 45 per cent. against 47 per cent for the ALP and 7 per cent for the rn fat and wealthy on tax Democrats.

This was the coalition's Last month, as the tax con-troversy got fully into its stride, early last January, though it was clear that worries abou unemployment were not vet influencing the voters at large. Even so, speculation about an early general election stirred yet again.

Thompson-Noel



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# Outback to academia -a Renaissance Aborigine

By even the most rigorous of standards, Eric William is a most unusual man. Perhaps best described as the Aboriginal answer to the renaissance ideal, he would in any country be regarded among the highest of filers.

inventor, academic, adminis-trator, company chairman and engineer, he moves with obvious assurance in both the obvious assurance in both the world academic community and the world of international husiness. He is as much at home in the dusty Australian outback as he is in tosmopolitan Sydney, in "White "Australian society as well as "black." Some say it is only a matter of time before he joins a select band of Australian mutit-millionalres.

lian multi-millionaires.
As principal of the Institute of Aboriginal Studies in Canperra — an autonomous research hody set up by the Australian Government—Eric Willmot has strong and sometimes unusual views about contemporary Oceanic society and the place of aboriginals

within it.

Australia, like New Zealand and the U.S. is a poly generic nation dominated by Europeans. The U.S. has been successful to a degree. New Zealand is rapidly failing—there is a net loss of 40,000 Europeans a year. Australia's future existence Australia's future existence as an essentially grown-up British nation in the Pacific remains uncertain."

remains uncertain."

"White Australians have come to recognise the Autipodean brigadoon for the myth that it really is. Some 90 per cent of Australia has a rainfall of less than 10 inches a year—Americans would define this as desert. Even with their modern technology White Australians have even with their modern tech-nology White Australians have been unable to tame the greater part of this country. The end of the Arcadian-myth that Australia could be turned into a Pacific Britain now sinking in."

It is partly this, argues Eric Willmot, that explains why 25,000 Aborigines over the past five years or so have been granted freehold rights to 27 per cent of the land area of the Northern Territories—an area more than one and a half times the size of Britain. Over a period of 40,000 years. Aborigines learnt to

years Asorigines tearns to live with the extremes of desert and tropics. That they are now getting back vast tracts of it shows not only a partial admission of defeat by the settlers, but also that the Aborigines as a race didn't

Aborigines as a race dum'r fail, he says.

Eric Willmot takes a fundamentally optimistic view of future "relations between shorigines and White Mustralia." Persuading them to give up more land will not be

Profile:

**ERIC WILMOT** 

an easy task. Europeans here won't be pushed into the sea. Panting Go home White man' and engaging in violence ered if you push them a bit in the right way, eventually you can get what you want." This philosophy has stood him in good stead. Born just him in good stead. Born just after the end of the Pacific War in the Queensland outback he received little formal primary education and spent his secondary school years working in the cattle industry. At the age of 18 all was to change because of a now seemingly fortuitous rodeo accident, when a "buck bumper" landed him in hospital for 18 months. With nothing to do but read he took up studying, passed his school certificate and went on to university to graduate as an rsity to graduate as an

engineer.

It is bis passion for mechanical engineering ("I'd like to see a computer chip null a ski car up a moun-tain"), and his hero worshlp of an Aborizine called David Unlapon ("Australia's auswer

vented a mechanical sheep shearing handle, and took our patents on a design for a helicopter in 1906"). He is also responsible for the latest departure in Eric Willmot's life, and it's likely to be the one for which he is remem-

Three years ago Willmot designed a revolutionary new designed a revolutionary new gear box which requires no gear changes; no clutch and involves a completely novel form of transferring motion. It is said to have literally hundreds of different applications, ranging from winches and conveyor belts, to bi-cycles, lawn mowers and the top award at the inter-national exhibition of new technology at Geneva. The idea was apparently so nove that it took engineers more than 10 days to understand

Not content with inventing and handing the idea over and develop, Eric Willmot

and develop, Eric Willmot has now set up his own company (Cy Clo Transmissions) which in association with a number of other companies will develop and market its separate applications stage by stage.

He has already signed options with six companies, and is currently negotiating with 20 others (including Mazda, Renault and Yamaha). The first application to come on the market will be a series of yachting winches, which he claims will make existing ones claims will make existing ones With its peculiar ability to

go into reverse at very high speed without stopping it is already being tested in an alreany peng testeu in an electric car, and early tests, Mr Willmot says show that in petrol fired engines it could produce a 25 per cent saving in fuel economy. If even half such claims turn out to be accurate, Mr Willmot seems destined to become the first

Richard Cowper

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# The art of the political insult

STRONG WORDS FROM FEDERAL CPPOSITION LEADER

THE ART of the insult is deep-rooted in Australian poli-tical life, so that the business of government appears genu-inely to flourish on inventive abuse and abrasively plain

In August, on the first day of the new Queensland Parliament. Labour member Mr Bob Gibbs moved that the government of Premier Johannes Bjelke-Petersen be sacked. A Liberal opponent, Mr Bob Moore, immediately replied: "I move that you shut your mouth."

Chief exponent of the art of the political insult is the Federal Opposition leader, Mr Bill Hayden, who in September, by the Costigan Royal Commission report on tax avoidance in Australia, described the Federal Tracanana. Treasurer, Mr John Howard, as a "cockroach pinned to the floor and running around in

" If Al Capone were living in Perth jo-day he would be a respectable muiz-millionaire retable multi-millionaire "The government, contriving a principal fund-raiser for an early election, rigged the Liberal Party," he added. Budget in an outlandish way

in the Costigan report.) In October, as the controversy

Federal Government's plans to infroduce retrospective tax legislation got fully into its stride, Mr Hayden said: "All the open, empty spaces in this country aren't in the outback. A lot of them are between the ears of ministers of the Fraser

When unemployment soared past 500,000, Mr Hayden de-scribed the Government as "dishonest charlatans," and said it had "demeaned Australia just as it has bankrupted the trust and respect of the people."

when Parliament Finally, when Parliament found itself deep in yet another controversy, this time over the accuracy or otherwise of the forecasts underpinning the Federal Budget of August 17. Mr Hayden—by then realising that his political cup was full and running over—exclaimed: Finally. and running over-exclaimed:
"The government, contriving

(The Crown Solicitor's office in with what it now acknowledges Perth had figured prominently were rubbery figures." in the Costigan report.)

By now, Mr Fraser was

clearly exasperated by Labour Party taunts, while Mr Howard hand-claimed that the oppos tion leader's remarks were "artificial, blatant and con-

This was not a particularly harsh rebuke, by Australian standards but about as far as Mr. Howard, who is deputy leader of the Liberal Party and regarded in many quarters as a future Prime Minister, usually cares to go.

Only the arrival, in mid-month, of the England Test cricketers could put a stop to the Canberra Floorshow. The arrival of the Poms, was a traditional signal, throughout the Australian media, for a sharpening of knives and a hurling of hatchets. But the halt was only temporary. With-in 24 hours the rumour mill in Canberra was again grinding away at full speed and the insults were again flying freely. The Queen land Tours and Travel

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Jueensland tourism is in great shape. the amazing tourism market in Queensland, Australia, offers a wealth of promising opportunities. Already, in the first nine months of 1982, proposed tourism investment here has grown by 41.9% over last year's entire total to \$2 billion. With the construction of two international casinos, the focus of the Commonwealth Games, and the increase in international flights to Queensland, this growth is expected ling sun, sand, surf and Barrier Reef offer many untap-

Despite the small numbers involved their rights have become a major domestic issue

# Aborigines battle on with pride

AFTER ALMOST two centuries helplessness, from racialism to rape, murder and abduction,

Today Aborigines make up less than 2 per cent of Aus-tralia's predominantly European settler population, but despite their small number Aboriginal rights have become a major issue in Australian domestic politics. Early last month the Queensland riot squad arrested more than 200 Aboriginals and their supporters who were demonstrating Inhabitants. during the Brisbane Common-wealth Games to focus world attention on Aboriginal land rights claims.

At the time one of Australia's best known Aborigine civil rights leaders. Charlie Perkins, warned: "The surprising thing is that there has not been more violence in this country, more killings. We don't need that, Australia has too much greed.

Often giving rise to strong emotions ranging from anger to

on the scrap heap of Australian a profound feeling of guilt, the society, Aborigines are now Aboriginal rights question has battling with pride, and some even led to serious divisions success, to obtain what they between the country's richest regard as their rightful place state and the Federal Government the Avernalian and the Federal Government. ment. Queensland has raised the ire of Aborigines and Federal MPs alike for its racist

> look back at the growth of their nation without being reminded of the inhuman treatment meted out by their ancestors to country's Aboriginal

In the words of Neville Bonner, the first and only Aborigine to become a Federat MP: "In early days we were a simple peoplewere a simple people—we saw no need for agriculture or industry. Less than 200 years ago came the White Man. My people were shot, poisoned, hanged, broken in spirit. They became refugees in their own land; but that is history and we take care now of the present."

When Captain James Cook the Australian continent was home to upwards of 300,000 Aborigines. After little more than a century of White settle-ment disease, violence, and cultural disintegration had re-duced their number to 60,000, Aborigines were herded to-gether on reserves and their freedom of movement was rebelieved that complete extinction was only a matter of stricted.

Much of the apparatus of dis-

Aborigines now have the same access to social security bonethere in 1803 the inhabitants of Van Diemen's Land — as it fits, education, health facilities and housing as other Austrawas then known — numbered perhaps 8,000 and included an estimated 62 different tribes. They had lived there with little moved a

contact with the outside world for around 10,000 years. attitudes and its paternalistic for around 10,000 years.

foot-dragging over land rights.

Many White Anglo-Saxon a single full-blooded Aborigine Australians find it difficult to remained alive on the island. It they are to overcome the serious disadvantages which they have faced for so long. This year Australia will spend around remained alive on the island. It was a gruesome start to rela-A\$272m on special assistance to Aborigines throughout the

> Both moderate and radical Aborigine leaders admit that there have been some notable gains, but, they claim, the sums spent are still too small and often misdirected. More than 20 per cent of Aborigines have never had any formal eduction, and on partly every varieties! and on hearly every statiscal-comparison it can be seen that. Aboriginals still suffer more from disease and ill health than; any other identifiable section

the Australia population. "Five times more could and should have been spent. Infant Aborigines were hardly re-garded as Australian citizens at should have been spent. Infant mortality, education and health are still all at unacceptable levels. It's all black money anyway. . after all we are the original owners," says Charlie Perkins.

Infant mortality is approximately three times the national average with life expectancy at birth some 20 years less than all. They weren't allowed to vote, they weren't included in the National Census, and they owned no land. In some areas states operated a system not dis-similar to that of apartheid.

birth some 20 years less than the average Australian. Lack of education, training and skills means that Aboriginal unemcrimination—though by no means that Aboriginal unemmeans all—has since been dismantled. In theory at least national average.

Aboriginal land and population by State

State	• • •	Aborigin	al Area o	of land or cent	Aboriginal population		bear ceus.  of parel  brobatrio  brobatrio  brobatrio	
NSW-A	GT	273	804,900	(0.03)	36,190	5,464,460	0.66	Ì
Vic		20	227,600	(0.01)	9,057	3,948,600	0.15	•
Old .		30,078	1,727,200	(1.74)	44,698	2,345,366	1.91	
SA .		197,269	984,000	(10.90)	9.825	1.319.300		
WA .		218,788	2,525,000	(8.66)	31.351	1,299,100		
ľas .		1	67,800	(0.001)	2,688	427.300	0.63	
NT .		389,731	-1,346,200	(28.95)	29,088	122,800	23.69	
Total		746,152	7,682,300	(9.71)	159,897	14,926,800	1.07	

In the 1981 census 159,397 people identified as Aboriginal or Torres Strait islanders, the latter numbering 15,232. About 40,000 of these are estimated to be of full Aboriginal descent. Note: The classification Aborigine is made on the basis of self-Source: 1981 National Census

But for many Aborigines— particularly the 40,000 or so pure-blooded inhabitants who have never intermarried—these inequalities pale into insignifi-cance at the mention of one magic word: land.

of all the injustices it is dispossession of their traditional lands which is the loss they feel most keenly. Many Aborigines still have a social religious and mystical affinity with their land which is fundamental to their identity.

Until half a decade ago there were virtually no Aboriginal land rights at all.

In the late 1960s and early 1970s a potent combination of White liberalism, and a growing militancy among Aboriginal Black activists turned land rights into a major political

BTI

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Whitlam appointed a Royal Commission and the result was the Federal Government's Aboriginal Land Rights (Northern Territory) Act of 1976: For the first time it allowed Aborigines (though only those from this one state which was then directly ruled from Canberra) to gain title to existing reserve land and to make claim to other lands on the basis of traditional ownership. For Aborigines—whose connection with the land could be said to go back perhaps 40,000 years—it was a major breakthrough.

Richard Cowper

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# Number of new settlers well up this year

The total will rise by 8 per cent this year

land rights

ha's oldest inhabitants and the

white migrants whose descen-dants today rule modern Aus-

And until two decades ago

IN A world where more and more countries are tightening their immigration laws or clos their doors completely against foreign arrivals, Australia remains one of the few that still actively encourages immigration on any scale.

For political refugees (notably Poles and Vietnamese boat people) and others dreaming of starting life anew in a "promised land," there is little doubt that Australia is one of the most that Australia is one of the most preferred destinations. preferred destinations.

True, like everywhere else, Australia has been hit by the world ecoomic recession and has this year begun a crackdown on illegal immigrants as well as toughening up the eligibility criteria for independent settlers who do not have close relations already settled in the country.

The country is now suffering its worst unemployment since the 1930s, and in public the Government has been quick to make political capital out of its "determination to free

thousands of jobs" by eradicating 40,000 illegal workers.

It has also gone some way towards ensuring that new migrants do not compete with locals for existing jobs by refusing even to consider applicants who want to work in areas where job demand and supply are deemed to be in halance.

These new policies seem un-

impact on unemployment figures, and—for the present at least—do not reflect any top-level decision to reduce overail

#### **Immigration**

immigration numbers. In fact, they may well be more than off-set by a new policy of making it slightly easier for close rela-homelands of the newcomers. At tions of Australians to gain

entry.
Even with tougher entry requirements for so-called "independent migrants," immigration officials say the number of settlers will be well up this year. In 1981-82, 119,000 immigrants arrived in Australia. For 1982-83 officials say they are preparing for 129,000 or more— an increase of at least 8 per

If the recession deepens further and Australian unemployment continues to worsen the political pressure to cut immigration numbers may prove irresistible, however. In the 1930s numbers fell drastically from an average of about 30,000 a year in the 1920s (when immigrants from the UK were known as "New Chums "), to an average of just 6,000 a year.

Now, the fact remains that Australia is still one of the most underpopulated countries on earth despite nearly two enturies of steady immigration. With a land area of approxi-mately 3,000 sq miles (only slightly smaller than the U.S.) its 15m population is nearly the same as that of New York City and its suburbs or

zechoslovakia. Largely for reasons of de fence and potential economies of scale, Canberra would like to see a much larger population. The fundamental reasons for encouraging continued large-scale immigration are what they always were in the words of Australia's first Immigration Minister Arthur Calwell: "The vanguard of the hundreds of thousands, and ultimately the millions of new citizens who will help to push back our frontiers, expand our industries . . and build us into a powerful nation secure in our peace-loving land." The Government has no fixed long-term population target, but

immigration officials say that about 20m people by the end of the century is the most com-monly accepted objective. Natural population growth is currenly running at just 0.8 per cent a year. If 20m is to be reached, the average annual net immigration will have to con-tinue at more than 100,000 for the next 20 years, However large the number of

new settlers Australia gives a home to over the next few decades the Antipodean continent will continue to remain a

war wen over 3m immigrants
have been admitted and this has
helped to lift the population
from arouted 7.5m even to 15m
now Since 1970 alone, almost
12m migrants arrived, and just
150,000 of them returned home.
Since 1900 the proportion of
the population born in australia the population born in Australia has hardly changed at all. In 1901 the total population was just 3.8m, of whom 860,000 (23 per cent) were born over-seas, Today, of the population of nearly 15m just over 3m (21 per cent) were born else where. If parents born overseas are taken into account, the pro-

pertion goes up to nearly 35 per the turn of the century the ethnic origin of nearly 90 per cent of Australians was British (then including Irish). But today this proportion has fallen to around 75 per cent and is expected to decline further over

the next few decades.

The latest census (1981) shows that of the 3m Austra lians born overseas 1.1m (38 per cent) were born in the UK came from Southern Europe mainly Italy—while 440,000 (15 per cent) came from northern Europe, mainly Germany and the Netherlands; 255,000 (9 per cent) arrived from Asia, and 177,000 (6 per cent) from New

Zealand. Culturally and politically, the white Anglo-Saxon majority still holds sway in Australia, but the abandonment of the post-war racist "White Australia" policy has given rise to a much more varied population.

The country now provides a home for over 100 different ethnic groups. There are sizeable communities of Lebanese, Maltese and Egyptians who with their different languages, cul-tures and foods have introduced a cosmopolitan atmosphere to some previously extremely dull and provincial Australian cities almost non-existent until .the later 1960s, but in the last 15 years or so Australia has given a home to nearly 250,000 of them. Indeed, it has accepted about 65,000 refugees from Kampuches and Vietnam—more per capita than any other coun-

try in the world. One somewhat unusual source of immigration is a business run by a company in Perth, Western Australia, which offers men the opportunity of acquir-ing "mail-order" brides from the Philippine A more selective immigration

policy for independent settlers is likely to attract a growing number of Asians as educational standards and skills in that part of the world improve. But the bias in favour of close relations as immigrants and the overwhelming preponderance of ethnic Europeans (90 per cent) in the existing population

is likely to ensure that Austra-lia remains predominantly for

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